

Contributions to Management Science

Maria Elo
Indianna Minto-Coy *Editors*

Diaspora Networks in International Business

Perspectives for Understanding and
Managing Diaspora Business and
Resources

 Springer

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Editors

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Diaspora Business and Resources

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Foreword

The volume at hand is a valuable and an up-to-date account of a recently emerging phenomenon and its impact on international business. Until a couple of decades ago, the main contact diaspora had with homelands was remittances to family members or investments in property. More recently however, a considerable part of foreign investments coming in emerging markets is coming from the diaspora settled abroad. Investments from overseas Indians into India or overseas Chinese into China are now well documented. It is, therefore, high time that a volume has come out to explain this phenomenon and to help us understand its impact and economics and other dimensions.

Part I of the volume is an excellent introduction to the topic and what role it plays in the economic activities of respective countries. Part II looks at the positive as well as the negative role played by overseas diaspora in some countries. Part III looks at the sociocultural aspects of diaspora networks. This part is particularly interesting as it brings in the changing and dynamic mechanisms that are brought into the life of local populations. Part IV explains how the diaspora is influencing positive entrepreneurial activities in these countries that is changing the lives of many people. Part V analyses how diaspora activities are influencing the international business field, particularly trust and knowledge transfer. Finally, Part VI looks at the policy implications and how diaspora resources can best be utilized for the benefit of local societies.

The volume thus fills an important gap in the international business literature and is a must-read for scholars and PhD students in the fields of entrepreneurship, small business and foreign investments.

University of Birmingham, Birmingham
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March 2018

Pervez N. Ghauri

Foreword

I am delighted to write this brief note of Foreword.

Initially, I wondered if one could write a foreword to a highly comprehensive book that contains 31 chapters in six well-organized parts that are authored, and co-authored, by some 49 scholars with first-hand knowledge of migrant and diasporic populations from more than 30 countries of origin (COO) or countries of residence (COR), not accounting for global surveys (e.g. by Global Entrepreneurship Monitor) of migrant populations from countries spread worldwide. The more I examined the table of content, and read abstracts and summaries of the chapters, covering diverse and rich details and patterns of migration, and diasporic international entrepreneurship, the further I doubted if the collection of scholarly works in this book would need any introduction or a word of praise by someone who is not directly involved in diasporic research. The authors, co-authors and the editors have done the necessary research and have spoken well, and they have left no room for others to add to their words. The chapters of the book do collectively discuss relevant theories, followed by empirical research, and also cover both the breadth and depth of their respective research topics very well. Readers of different scholarly backgrounds learn from the theoretical discussions and research results presented in this volume. Even for a casual observer of this newly emerging field that is gaining increasing currency and importance, research questions and their supporting argument can stimulate extensions, or new related, research questions, on which the reader can reflect and possibly engage in further research.

Regarding the general patterns and trends, the 2017 United Nations' International Migration Report, for example, suggests that "There are 258 million people living in a country other than their country of birth—an increase of 49% since 2000". The same report also suggests that some "3.4% of world's inhabitants today are migrants" and

“the number of migrants as a fraction of population residing in high-income countries rose from 9.6% in 2000 to 14% in 2017.”¹

Aside from scholarly research and writing, most of us experience diaspora entrepreneurs routinely in our daily lives. Ethnic businesses, mostly run by migrant, diasporic or transnational entrepreneurs, are difficult to avoid or ignore. In Canada, for example, immigrant entrepreneurs have created more successful innovative businesses than aspiring entrepreneurs born in Canada. Similarly, in Montreal, where McGill University is located, and I work and reside, migrants and older generations of diasporic ethnic families are prominent—e.g. there are more than 20 large and formally organized ethnicities with community centres and officially registered community associations (or corporate organizations), in which migrants are active and newly arrived migrants join. In most cases, such community organizations are the initial lifeline connecting the new migrant to the broader population. Some ethnicities have also established their own community neighbourhoods,² including the Chinese (centrally located in the “China Town”), Indians, Irish, Italians (concentrated in two communities of “Little Italy and Saint Leonard”), Portuguese, Vietnamese and many ethnicities from the Caribbean Islands, Eastern Europe, the Middle East, North Africa and South-east Asia, to name a few. These communities were established by the early migrants who decided to settle in Montreal and build productive industries and communities, on which Montreal has thrived over the past three-and-a-half centuries,³ and they still add to rich cultural fabric and the vibrancy of life in the city. If you wish to have an authentic gastronomic ethnic food, either as a resident or tourist, there is a wide range of choice that includes Chinese, French, Indian, Italian, Persian, Polish, Portuguese, Thai, Tibetan and Vietnamese, amongst many other ethnic cuisines, some of which have had well-established restaurants across generations and others operating as smaller family businesses by the family team of husband, wife, children and possibly other co-ethnic workers. Making a choice across the various ethnically based culinary foods presents a challenge.

Food is not an exception. Migrant businesses cover a vast range of goods and services and are found in nearly all corners of the city, some of which are so integrated in the population and in the local environment of the city that their ethnicities are taken for granted, if not fully ignored. Perhaps, Montreal’s large and rich diversities have played a role in reducing, if not removing, the distinction between the French majority and the migrant ethnicities that have become the cultural pillars of the community and continue to generate significant economic value for the society as a whole that goes far beyond tangible financial wealth and prosperity. In spite of their highly significant contributions, however, migrant businesses face challenges and difficulties that stem from their ethnic identity—i.e.

¹For more details, please see the United Nations, Department of Economic and Social Affairs, The International Migration Report 2017, available at <https://www.un.org/development/desa/publications/>

²Please note that these are not enclaves as they are integral parts of Montreal and there is no distinction between one community and the next.

³Montreal celebrated its 350th anniversary of its establishment by its original French settlers in 2017.

not being a part of the French majority. Although the second and third generations of the originally immigrant families are fully culturally adapted, very well-educated and fluent in Canada's two official languages (English and French) and at least one other language (i.e. one or two parental native languages), they are collectively referred to as "allophones", with the connotation that they are not the descendants of the original French migrants that established the North American colony of the "New France" three-and-a-half centuries ago. The above portrayal points to the following observations:

1. That the irony of association with diasporic roots, and a somewhat different heritage other than that of the native majority, extends beyond the first generation for some time, and it remains dormant across a few generations in spite of their at least equal, if not superior, characteristics offering higher incremental benefits to the society at large.
2. That, eventually, the migrants, ethnic and diasporic businesses and transnational entrepreneurs blend into the fabric of the society and we all interact with them routinely without consciously noticing their roots. Once beyond the early years, they become integrated and indistinguishable part of the society, and it takes some efforts, such as those presented in the present volume, to highlight their early adjustments and adaptation plights that have brought their presence, benefits and challenges they may have faced to the fore.
3. That the migration and diasporic phenomena operate at the *interactive intersection of a few socio-cultural, economic and even political layers* that include, but not limited to, the interaction of personal traits (e.g. those of the migrants and their background and experience), organizational and social (e.g. those of the firm, ethnic community, extent of their respective embeddedness, etc.) and environmental and societal (e.g. the institutional differences between COO and COR), amongst others.
4. When the implicit assumption of "ceteris paribus" abstracts from, and possibly obscures, the significant impact of not-so-obvious, or intangible, forces that truly affect the longer outcomes of the diasporic experience, prudence suggests detailed, in-depth studies with limited scope. With a few exceptions, the chapters of this volume paint a clear picture of their research landscape and allow the reader to comprehend and extend beyond the cases at hand, if and when required.

Upon further reflection, I realized that nearly every scholar in this volume has had personal experience with their respective topic. They may not have migrated themselves, nor have been a member of a diaspora, but they appear to have had close personal experience with the phenomena, directly or indirectly, adding significant nuances to the general knowledge about the pattern of migrant and diasporic behaviours. This motivated me to reflect on my own experience.

The balance of this note is designed to extend beyond strict scholarship and briefly highlights a personal experience, close to that of a migrant, in order to *characterize the ongoing interaction amongst the multi-layered forces and influences that shape migrant and diasporic experiences*. I will reflect on my own, which is possibly a typical experience, in order to relate to, confirm and even expand upon

the content of the volume that *you, the reader*, will soon confront. Your direct personal experience, hopefully similar to mine, might generate a quiet conversation with, or alternatively a constructive dialectic commentary to, each of the article's subject matter.⁴ If it does, that will, indeed, be ideal. It will be an indication that the book has served its purpose. Regardless of your perspective, and the consequent outcome(s), your interaction with the content of this volume is bound to add an illuminating silver lining to the arguments presented in each chapter and push the scholarly frontier forward.

As mentioned earlier, my personal story is not very different from many of the stories in this volume, and I am not an exception to a potential reader, such as you. I hope that we develop a deeper collective understanding of the materials presented in this volume in order to form a basis for a mutual conversation and further research in advancing scholarship in diasporic entrepreneurship that is rapidly occupying a larger space due to increasing migration and internationalization of entrepreneurship, which are expected to expand further as barriers to mobility are reduced on the one hand and the humans' desire to improve upon their prevailing conditions on the other.

The Typical Case of Foreign Students Seeking a Higher Post-Secondary Education

In the context of migration and entrepreneurship, I left my country of birth with the aim of obtaining a higher education, and a doctoral degree, in order to gain higher capabilities for exploring, or creating, better opportunities for myself, my siblings and family, and possibly contributing to the well-being of my countrymen upon return. My original plan had clear parameters with equally clear processes with well-defined beginning, ending and expected results, all free of potential barriers (or stumbling blocks) and impervious to external influences. My earlier experience as a professional mechanical design engineer and my graduate engineering education had trained me to identify all potent forces influencing a project, to model them and to calculate their interactive collective outcome in order to estimate a feasible solution (or end result) after allowing for a safety factor (i.e. for strengthening the design and modelling by a "reasonable safety factor" to account for what might have been inadvertently left out). Generally, such an approach would work well for most mechanical design systems when most influential forces are taken into account and a sufficient "safety factor" would compensate for the unexpected, unobservable or unintentionally ignored

⁴After reading this foreword, your initial scholarly stance regarding the subject matter may take one of the following two forms: (1) Due to your previous personal experience with the phenomena, you might have formed a context for the content of this book already, or alternatively, (2) your views might remain as objective and as distant as in the past. Regardless of the past experience, directly or indirectly, the chapters of this volume should form a context for your further inquiries.

influences. Unfortunately, most projects in changing environments involving human agents, with evolving aspirations, resemble dynamic adaptive complex systems (DACS), mainly due to their interactions with other agents and the society at large, which cannot be accurately, or fully, modelled. A graduate student in a foreign environment is a typical case of DACS. Analogically, a foreign graduate student is also similar to a migrant or diasporic entrepreneur seeking better life outcomes by embracing the risks and rewards inherent in a foreign land of expected opportunities. Retrospectively, I was more similar to a typical start-up entrepreneur than a migrant; as I had specific project, processes and end results in mind (e.g. a doctoral degree from the University of California at Berkeley (UC-Berkeley) in four years, with a possible delay of one term for the unexpected)—without proper allowance for educational differences and no cognizance of the complex dynamics of highly interactive educational processes. My entire attention was focused on that objective and all other projects and relations had become secondary, or were left on ice, figuratively speaking. As in many start-up ventures, entrepreneurs overestimate their capabilities and resources, walk willingly into the darkness of unfolding dynamic processes with unconscious underestimation of challenges and face difficulties and obstacles that delay their progress, if not derail their previously planned course of actions. As a foreign student entering a new educational environment (similar to a migrant entering his newly adopted country), I found the environment of California in general, and that of UC-Berkeley in particular, far from what I had read about, and expected, then. For example, the social dynamics of persistent student activism and protests against the US involvement in Vietnam and the presence of police and State of California's National Guard on the campus were unfamiliar, disruptive and certainly distracting.⁵ Over some 150 years, UC Berkeley had continually prided itself of the bright lights of knowledge and academic freedom, extending much beyond those elsewhere.⁶ In the absence of friends, guides or supportive social network at the outset, most foreign students find their new environments equally distracting and disorientating, if not confusing, in need of further analysis for deeper comprehension. A typical foreign student, similar to a newly arrived migrant, would initially have a very feeble, and possibly no, social network or support system. This is in and by itself sufficiently disorienting, especially when the migrant comes from a rich support network of family and friends with high human and social capitals at home that is ready to extend a helping hand when needed. In contrast to all those present at home, the newly arrived migrant may face the void of nearly non-existent social capital and social relations in the new environment. Just like a blind, one is forced to rely upon a stranger, or a helpful passer-by, for guidance in order to carry on routine acts, such as crossing a street. The locals, in contrast, can draw upon friends for much illuminating advice to overcome higher challenges, if and when required.

⁵For a brief history of student activism and free speech movement at UC-Berkeley, see https://en.wikipedia.org/wiki/University_of_California,_Berkeley

⁶The prominent motto of the University of California system, with the UC Berkeley as its flagship, is "Let there be light", or "Fiat Lux" in Latin.

Scholars refer routinely to the *bridging and bonding social capital* of one's networks that are expected to spring into action for the price of a mere asking, upon which a newly arrived student or migrant entrepreneur is expected to rely soon after arrival. Such social capital is not readily available and far from routine—one cannot find it easily, buy it from a store or build it quickly with ease in a timely fashion. Building a reliable social network is not a do-it-yourself project that any amateur can try, and succeed, after initial small mistakes and misadventures. However, if one can slowly cultivate and become a part of an established network (for example, that of one's ethnic association, or the fellow foreign students, who had experienced and overcome similar difficulties before, and would voluntarily help the newcomer in need), the initial challenges would become easier and the farther horizon appears somewhat more visibly clearer. In entrepreneurial terms, these volunteering fellow students are similar to Angel Investors, who would step in and give a helping hand to a drowning entrepreneur facing untold difficulties. They would rush, and even draw on their own social capital, to help in response to a signal or recommendation of fellow entrepreneur, which might have in turn been based on a tentative knowledge (and sometimes imperfect information) pointing to an entrepreneurial venture facing serious distress. To the distressed entrepreneur, however, such venture-saving rescue is *the lifeline* that offers the opportunity for learning from mistakes, changing prior plans and adjusting the previously charted course of actions. To the Angel Investors, in contrast, financial support *is just an affordable loss*, while their personal connection and potential mentoring and bonding with the venture, and seeing it through the trouble to growth, prosperity and success, are the satisfying true reward.

Similarly, their respective perception of risk-reward equation is initially different and also evolves differently. The entrepreneurial risk-return equation, especially for migrant entrepreneurs, may change through an upward revision of previously underestimated true risks and downgrading of rewards in the dynamics of unfolding future. Furthermore, the previous risk-reward equation, which might not have allowed for the possibility of extraneous factors, such as competitive market forces, and possibly hostile regulatory or environmental conditions, inhibiting local support system to assist, would change to allow for external adversities.⁷ Once the migrant experiences the operating conditions in the newly adopted country, the true reality begins to set in—that the true risk component is much higher than those anticipated or perceived previously, due to, for example, inadequate or asymmetric information regarding the support network, social capital and the like. Consequently, migrant entrepreneurs are forced to learn to swim the troubled waters of their new environment quickly to stay afloat and to avoid drowning. Such forced, and possibly against-the-current, swimming may also result in a realistic revision of one's capabilities as well. This process may not only harden their resolve to avoid failure but

⁷Although a highly optimistic migrant entrepreneur might view his current difficulties as an aberration and expect the near future to be much better than the conditions just experienced, most realistic entrepreneurs adjust plans downward to avoid further difficulties and possible insolvency.

also modify their perception of risk-reward equation. They realize quickly the need to work harder, conduct more prudently, expect less and invest more to build a solid business foundation for success.⁸ Such learning of the true dynamics of migrant entrepreneurship principles prepares them better for challenges that would cripple their native counterparts.⁹

Back to the Berkeley experience. Fortunately, the International House on the Berkeley Campus (I-House) resembles the network hub of entrepreneurial angels. A large, highly competitive, socially oriented and well-meaning-minded group of graduate foreign students mostly residing in, or associated with, I-House is the pool of human and social capital for a newly arrived student in need of assistance. It only takes the mere news of a fellow student's pending arrival to spring the volunteer network into action: They may pick up the student from San Francisco Airport, put him up for a few days before accommodation is arranged, take the newcomer to a bank, rental office, etc., and in short, act as the guide to a blind to avoid early crippling and punishing stumbles.

Along the same lines, and after a few days, or weeks, most foreign students find their way to the Office of Foreign Student Adviser, then conveniently located in the I-House. This office would *bridge* between the newly arrived foreign student and the rich, humane, voluntary and supportive network of graduate foreign students.¹⁰ As a direct result, the foreign student would soon be on his way tackling the difficult task of starting his dream by taking courses, unaware of the fast-paced nature of such courses and high competition with bright fellow students in graduate courses that have no mercy—one needs to prepare to run fast from the start to avoid falling behind precipitously and to avoid eventually sinking and drowning beneath the course materials. For graduate students, the grace period is only one-term probation before the student is kicked out, regardless of his language deficiencies, financial difficulties and so on. Such termination in graduate studies in the US system of post-secondary education then would effectively bar the student from further studies in similarly ranked institutions of higher education. Most graduate students try very hard to avoid such prospects at all costs, which in entrepreneurial terms resembles a lifetime blacklisting of a once-failed entrepreneur for his misfortunes due to misreading of complexities facing him at the time. Similar to migrant entrepreneurs striving to avoid insolvency or bankruptcy at all costs, the rewards of hard work and deep sacrifices await the mat graduation. In contrast, those who had underestimated the difficult processes and failed to revise their plans to overcome obstacles join the statistics.

⁸Literature refers to the difficulties associated with change in embeddedness. Foreign students, or migrant entrepreneurs, experience such changes and need to adapt relatively quickly.

⁹These early learning and adjustment processes, due to unperceived adversities faced by a migrant entrepreneur in a new environment, are a potential explanation as to why entrepreneurial start-ups by migrant entrepreneurs achieve a higher rate of success than those of native counterparts.

¹⁰This informal and voluntary group would receive limited support from the I-House, Foreign Student Advisor and UC Berkeley.

The noteworthy point is that most initial study plans change as the mirage of easy-to-reach success moves exceedingly farther. Initial plans are continuously revised to become more realistic; the ever-present probability of facing fatal obstacles motivates increasingly harder work and higher sacrifices as the risks of failure become clearer and the rewards of attaining success loom nearer and larger. This is not very different from the case of unsuspecting migrant entrepreneurs facing a highly competitive environment in their newly adopted country. Stated differently, foreign graduate students entering reputed institutions of higher learning experience difficulties similar to those of migrant entrepreneurs facing highly competitive forces, and possibly hostile environment, while bearing disadvantages associated with an alien striving to compete and succeed in harsh conditions.

In closing, I hope that my retrospective account of a typical foreign graduate student characterizing academic entrepreneurship in a foreign land facing upward battles, paralleling the experience of migrant entrepreneurs fighting to succeed in an unfamiliar and different environment in his newly adopted country, will further motivate you to read every page of this volume in your hands, for it offers more in-depth and richer experience of migrant and diasporic entrepreneurs in highly varied conditions. I further hope that you, the reader, reach back to the authors, co-authors and the editors of this volume, as well as to this contributor, to establish a lasting conversation not only on topics related to migrant entrepreneurs and their needs and challenges but also to extend the powers of your scholarly intellects to address the broader emerging issues in the field of entrepreneurial internationalization, or international entrepreneurship, to which I have become a pious convert. Many scholarly researchers of the field will enthusiastically embrace your helping hands for overcoming the current obstacles they face and intellectual challenges that lie ahead.

McGill University, Montreal, Canada
March 2018

Hamid Etemad

Preface

International migration and diaspora have become concepts that directly influence many of us and our families. Global phenomena such as historical migration waves and their results and the internationalization of careers and connected work life have provided more and more international diversity and networks. Furthermore, our increasingly global social context affects us on multiple levels. The requirements on academic mobility are also pushing scholars to migrate, becoming part of a global scholarly family. All these developments provide a personal reference point to the editors, authors and reviewers of the present body of work that migration and diaspora do matter.

Beyond the personal level, we see the importance of the phenomenon growing, regardless of the emerging signs of de-globalization. As elements of international and local business, economy and society, diaspora networks have been established as permanent features of the global playing field. Diaspora networks, broadly speaking, are here to stay.

This book is an outcome of several projects, in a way an example of global diaspora networks and their workings. First, at Turku School of Economics, Maria Elo set up a research platform and project called Diaspora Networks in International Business. Since then, we organized numerous international workshops and conferences, amongst others with Interdisciplinary-Net in Oxford and Prof. Ram Vemuri, with the University of Bremen and Prof. Jörg Freiling and Aki Harima and with Universidade Catolica Portuguese and Prof. Susana Costa e Silva. This platform was instrumental in creating the partnership between the editors of this collection. We also generated a Nordic cooperation on transnational diaspora entrepreneurship with the University of Southern Denmark and Linnaeus University in Odense and Kalmar with Prof. Per Servais and Assistant Professor Susanne Sandberg and established a series of new workshops. On the American and Caribbean side, numerous events have taken place too (e.g. <https://www.mona.uwi.edu/msbm/uwi-research-days-2017-joint-presentation-journal-special-issue-launch>). Second, we as multiple teams dealing with parts of the same phenomenon have participated in various international conferences and seminars presenting our work and motivating others in their work. Societally, we have attempted to publish broadly

and participate in events, such as the Global Entrepreneurship Week in Geneva <http://unctad.org/en/pages/MeetingDetails.aspx?meetingid=1180>, occasions of Chambers of Commerce and of other actors and associations, e.g. the Society for the Study of Ethnic Relations and International Migration (*ETMU*). As such, we have sought not only to influence academic discourse and research but also to engage the wider society (<http://jamaica-gleaner.com/gleaner/20150121/lead/lead3.html>) and influence policy developments, with Indianna Minto-Coy having drafted the main text of the Jamaica Diaspora Policy document. Moreover, this work has influenced teaching materials, course contents and syllabi, and it contributed to PhD studies with new insights (e.g. <http://uib.kz/en/uib-successfully-hosted-uib-finland-science-and-research-week/>). With the book, we wish this research stream to diffuse and progress further.

Importantly, the experience of diaspora networks in international business and entrepreneurship spans various contexts. As such, we have packed together the viewpoints ranging from developing to emerging and developed countries in our cooperation. The global relevance of diaspora networks is amply evidenced throughout the collection of these contributions. Particularly, we have provided opportunities for diverse disciplinary views and voices to participate in the debate. Collectively, we and our reviewers perceive these as notable contributions to the development of the research field.

Therefore, we would like to cordially acknowledge the stellar contributions of our authors and collaborators: Elie Chrysostome, Jean-Marie Nkongolo-Bakenda, Julie Emontspool, Per Servais, Dillon Alleyne, Ikhalfani Solan, Manuel Orozco, Julia Yansura, Silvia Garcia Delahaye, Gabriela Tejada, Rondy de Silva, Susana Costa e Silva, Vilmantè Kumpikaitè-Valiūnienė, Arla Juntunen, Leo-Paul Dana, Markku Virtanen, Wilhelm Barner-Rasmussen, Luis Zárata-Montero, Rosalina Torres-Ortega, Ye Liu, Thomas Schøtt, Sanya Ojo, Sonya Sahradyan, Jörg Freiling, Jan Brzozowski, Satu Aaltonen, Elisa Akola, Călin Gurău, Erez Katz Volovelsky, Aki Harima, William Y. Degbey, Kimberly M. Ellis, Daniela Bolzani, Alberta Andreotti, Giacomo Solano, Allan Discua Cruz, Pedro Marcial Cerrato Sabillon, Hugues Séraphin, Imelda M. Nicolas, Joanna Lyn S. Rodriguez, Mohammad B. Rana, Foujia Sultana Nipa, Iris Koleša, Diasmer Panna Bloe, Stella Opoku-Owusu and Marianthe Stavridou.

At the same time, we would like to warmly thank and acknowledge the work of our reviewers and other supporters who have done an amazing work in co-creating this book. Our review team have been gracious with their time and knowledge, providing feedback on chapters throughout each stage of development. Many of them have discussed ideas, provided viewpoints, contested extant assumptions and suggested ways forward, separately and in addition to their review work. Many of them have supported us via other projects and have cooperated with us in developing related themes further directly or indirectly. You have provided us important viewpoints and motivation to develop this book. Therefore, we thank you cordially: Päivi Jokela, Ram Vemuri, Elli Heikkilä, Leo-Paul Dana, Liesl Riddle, Nicole Coviello, Hafiz Mirza, Florian Täube, Xiaotian Zhang, Daniela Bolzani, Christina Boari, Marco Visentin, Satu Aaltonen, Magdalena Kmak, Jan Brzozowski, Hanneleena Hieta, Iris Kolesa, Marianthe Stavridou, Jorma Larimo, Niina Nummela, Lasse Torkkeli,

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We also thank those amongst the global diaspora, like the Jamaican Lowell Hawthorne, who through their experiences have helped us to hone our understanding of the diaspora and immigrant entrepreneur, diaspora business networks and the ways in which these evolve and grow and who through their trans-nationality create opportunities for their countries of residence and origin at the macro-, meso- and micro-levels.

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Turku, Finland
Mona, Kingston, Jamaica

Maria Elo
Indianna Minto-Coy

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The Concept of Diaspora from the Perspective of International Business and Economy: An Introduction to the Book



Maria Elo and Indianna Minto-Coy

Abstract Diaspora is a multifaceted and multi-disciplinary concept with several definitions and applications. Regardless of the definition, the phenomenon is relevant for international business. As a result of globalization and international migration, diasporas and migrants are increasingly influencing the everyday conduct of international business, economy and society as a whole. Diverse diaspora networks act and shape the global and local business environment that become more glocal, more transnational and interconnected. This book provides a broad discussion on different diaspora influences, roles and mechanisms, as well as theories and empirical studies from various settings. Numerous novel insights and perspectives are presented from different areas and contexts. It contributes to the broadening of the international business lens, the conceptual and contextual understanding of diaspora actors, and to several debates on approaches to how diaspora networks are employed in international business, entrepreneurship and development.

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1 Introduction

This book is a collective effort. It aims to broaden the understanding and perspectives on diaspora and diaspora networks in international business and economy. Explicitly, it seeks to address phenomena related to diaspora and diaspora networks as they relate to economy, trade and entrepreneurship. In so doing, it attempts not only to explore and discuss such mechanisms and forces, but also the type of actors and their embeddedness, while building on the current understandings (cf. Cohen 2008; Brinkerhoff 2009; Tsolidis 2013; Sahoo and Pattanaik 2013). If a generic question is needed, it could be “How migration and diaspora with the resulting networks shape and influence the business landscapes that we operate in?” In particular, aspects such as migration flows, transnationalism, business networks and networking, resources and skills, and opportunity exploration and exploitation are central in understanding the contemporary world and its workings.

The purpose of the book project is to create a broad and deep understanding of the phenomenon by presenting a collection of different viewpoints from various contexts illustrating real-life empirical cases and studies. The idea behind this book stems from the heated debates and notable gaps in our understanding of diaspora networks and the perceptions that shift from a dichotomist superpower rebooting the homeland economy to the evil organization for transnational crime. There are more nuances and subtle mechanisms than many debates consider, thus it makes sense taking a closer look. We address the call for interdisciplinary and non-biased global research by selecting a purposefully diverse and multifaceted team of authors who can provide better insights that assist in making the puzzle more complete.

We have constructed six thematic parts in developing this co-edited work. Each part provides a discussion on particular foci, level of interest, empirical phenomena and theory development. It starts with this introduction and concludes with a discussion:

- Part I—An Overview to Diaspora Networks in International Business
- Part II—Positive and Negative Economic Activities in Diaspora Networks
- Part III—Diaspora and Socio-cultural Influences on Business
- Part IV—Diaspora Entrepreneurship and International Business
- Part V—Organization of Diaspora Capitals in International Business
- Part VI—Governance of Diaspora Resources and Policy-Making

The book serves students and scholars, diaspora organizations, entrepreneurs and managers, as well as policy makers, institutions and multi-national businesses by presenting a multitude of approaches; from theoretical considerations to in-depth case studies.

The following part of the chapter provides views on definitions and types of diaspora. It introduces economic activities and behaviours, and the social and economic mechanisms that are inherent in this phenomenon. Critical and analytical discussions on the concept of diaspora are rarely presented and mainly focus on a particular discipline or viewpoint, such as identity or acculturation (cf. Brubaker

2005; Bhatia and Ram 2009). Therefore, the chapter brings up the distinction between the economic vs. other perspectives on diasporas, suggesting that economic integration, including entrepreneurial and business activities in addition to labour, are central in the post-migration life for the majority of migrants. This side of the migrant existence has often been out of focus, since the migrant-individual is approached as a subject of policies and programs, and less as the carrier of economic agency (cf. Baruch et al. 2016; Cranston 2017). The final section introduces the chapters in each part and how they frame the phenomenon.

2 The Concept of Diaspora

The focus on diaspora and diaspora networks as a lens to address economic activity and international business is timely and relevant. Previously, the concept of diaspora resulting from international migration has remained more on the outskirts of studies regarding international business and economy and has attracted more attention in other fields, such as anthropological, cultural, ethnic and sociological studies. However, in the contemporary world the magnitude of this phenomenon and the mobility turn are making migration and diaspora existence the “new normal”. That is, part of the mainstream and a significant challenge and contributor regarding the United Nations’ Sustainable Development Goals (cf. Faist 2013; World Bank 2016). The number of international migrants worldwide—people residing in a country other than their country of birth—was the highest ever recorded in 2015, having reached 244 million while the migrant share of the world population represent about 3% (International Organization for Migration 2015). Two particularities shaping the migratory and diasporic formations appeared; first, the migration flows across developing countries (South-South) grew compared to the flows from developing to developed countries (South-North) and South-South migrants exceeded the number of South-North migrants by 4.9 million in 2015; and second, the year 2015 experienced the highest levels of recorded forced displacement globally since World War II (International Organization for Migration 2015). In some settings, the size of the home population is closely matched or outstripped by that of the diaspora population, with the latter possessing network depth, strength and influence rivalling those of the home country (Minto-Coy 2018). These developments, together with the expert estimations on climate change impacts, illustrate that the phenomenon of migration and diaspora formation is likely to expand and is not limited to free movers, sojourners, expatriates or other subgroups. Instead, they trigger new layers for global mobility by shaping pull and push forces (cf. Sheller and Urry 2006; Kultalahti et al. 2006).

For economy, the development of financial remittances, in 2015 estimated \$581 billion, and social remittances represent significant resource flows that stem from diasporas (International Organization for Migration 2015). In 2016, remittances represented three times the volume of official global aid flows (World Bank 2016). These flows contribute to national GDPs, provide funds for coping with natural disasters, poverty relief and of course, for enterprise and entrepreneurship, among

other important economic results (Riddle 2008; Minto-Coy 2011). As a result, several actors and organizations have found diasporans and migrants as relevant for international trade and economic development (e.g. UN, IOM, World Bank, UNCTAD, see also Newland and Tanaka 2010). For example, one World Bank study asks, “Is international migration an important issue for those concerned with international trade and the balance of payments?” and replies “The unequivocal answer . . . is yes” (Russell and Teitelbaum 1992, p. 1). The study highlights three reasons for this view: the magnitude of international human flows, the following financial flows, and the fact that international migration is a factor for competitive production of manufactures for trade- and is interestingly, central to international trade in services (Russell and Teitelbaum 1992, p. 1). Experts, such as Usher (2005) highlight diasporas as economic actors; that diasporas may engage via professional networks, skill matching initiatives, community initiatives, foreign direct investment and involvement in lobbying and advocacy. In several countries, the number of migrant entrepreneurs is proportionally higher and in several cases these businesses have proportionally more employees than local native entrepreneurs bringing an interesting impact that is often neglected in popular debates (see more e.g. https://www.kfw.de/KfW-Group/Newsroom/Aktuelles/News/News-Details_337984.html retrieved 25.9.2017).

Among other scholars, Kuznetsov (2006), Tung (2008), Riddle (2008) and Brinkerhoff (2009, 2016) have illustrated how migrant resources and capitals influence innovation, competitiveness, economic and institutional development. Additionally, there are other streams of research that also support the importance of these views, for example, in network research¹ (cf. Chen and Tan 2009). Thus, the selection of this rather diffuse and holistic viewpoint to international business and economy is grounded on pragmatic concerns and the book is designed to offer a polymorphic presentation of the phenomenon (cf. Cohen 2008; Sonderegger and Täube 2010; Rana and Elo 2017). In the following section, we review the debated concept of diaspora and facilitate the inclusive discussion of it and its applications (cf. Dahinden 2016; Cranston 2017). We underline that the majority of these discussions come from disciplines other than international business; still, they are valuable in explaining how the concept of diaspora can differ across approaches, hence broadening understanding.

Conceptual discussion on diaspora, just like transnationalism, goes on. The term diaspora is debated across disciplines, its meanings, conceptual boundaries and defining elements shift from one perspective to another (e.g. Brubaker 2005; Cohen 2008; Brinkerhoff 2009; Riddle et al. 2010). Migration, history, sociology, ethnology, anthropology, cultural and racial studies, even entrepreneurship studies have addressed diaspora and its dynamics (e.g. Lie 1995; Tölölyan 1996; Faist 2000; Sheller and Urry 2006; Cohen 2008; Riddle and Brinkerhoff 2011; Minto-Coy

¹Due to limited space, we exclude the larger discussion and comparison of the findings from different disciplines and research streams here, but suggest that a cross-disciplinary review is particularly necessary for this topic. The chapters provide food for thought on these aspects.

2016), but are not the only disciplines that address the phenomenon, even medicine and pandemics are interested in the dispersion processes and speed of diffusion in diaspora (cf. Schenk et al. 2006). Economists, together with other scholars, tend to address factors of production, such as labour, capital, land and entrepreneurship and emphasize macro-level elements including economic indicators (cf. Hatton and Williamson 2005; Tung 2008, see also Heikkilä 2017). Here diaspora is often perceived as a factor of production or part of the competitiveness of a nation state, not only for its role as labour but also as a source of capital, resources and entrepreneurship. While in globalization debates, diasporas are results of migration, in a way they are indicators of dynamics between countries and locations, but also emerging global players (cf. Yeung and Lin 2003; Morrison 2006; Cohen 2008; Newland and Tanaka 2010). In international entrepreneurship, diasporas are mainly approached rather implicitly, through their international and transnational entrepreneurial activities (cf. Jones et al. 2011; Dana 2004; Elo 2016), while in ethnic and immigrant entrepreneurship the role and context of diasporas are more explicit and central (cf. Zhou 2004; Dana 2007; Chand and Ghorbani 2011). In international trade and investments, the role of diasporans has been acknowledged (e.g. Kotabe et al. 2013; Schotter and Abdelzahr 2013; Elo and Riddle 2016), but remains of fragmented attention and has not been systematically investigated except in development economics (e.g. Gillespie et al. 1999; Riddle 2008; Nielsen and Riddle 2009).

This plurality of theoretical views implies a landscape of different definitions. Indeed, diaspora is a term that does not have one definition; it has many (cf. Brubaker 2005). Some definitions build strongly on other definitions while many contradict other definitions, especially regarding aspects such as return intentions and elements of belongingness as spatio-temporal constellations and contexts vary. Tölölyan (1996, p. 3) addresses the conceptual evolution debate as follows: “Even as migration, the re-configuration of ethnicity, transnationalism and globalization have increased the number of social formations that might sensibly be described as diasporas, rapid and major changes in discourse have both responded to and reciprocally shaped the impulse to re-name various forms of dispersion to attribute new “diasporic” meanings and values to them”. As Cohen (2008) points out, there are four phases of diaspora studies and respective approaches to addressing the concept. The first, the Diaspora with capital D and singular form was mainly confined to the Jewish Diaspora and was later enlarged to incorporate other traumatized and victim diasporas (Cohen 2008, p. 1). The second phase broadened the use of the concept further employing a more metaphoric designation that describes different categories of people including expatriates, expellees, political refugees, alien residents, immigrants and ethnic and racial minorities (see Cohen 2008; Safran 1991, see also Schnapper and Davis 1999). In the third phase, the social constructionist theorists and postmodernist views influenced the debates and re-conceptualization of the two major diaspora elements, homeland and ethnic/religious community, towards more deterritorialized and constructed elements that are shaped by complexity, but in a contextualized, flexible and situational manner (Cohen 2008). In the fourth phase, Cohen (2008, p. 2) suggests that the “current phase of consolidation set in” and highlights a danger of emptying the notion of diaspora of much of its analytical and descriptive power. Indeed, in disciplines that adopt terms

from other more distant disciplines the danger of terminological mis-conceptualization or displacement is a viable concern and the consolidation of concepts requires additional attention. Therefore, it is sensible to address some of the diaspora terms that are employed in the context of entrepreneurship, business and economy.

The business related disciplines have their own framings that might differ from those in other disciplines making it important to understand the difference. The concept of diaspora is addressed from a more resource-oriented angle in the international context. In the seminal Special Issue of the *Journal of International Management* (Kotabe et al. 2013, p. 3) the phenomenon of diaspora is seen as “groups of emigrants who leave their countries of origin for a prolonged period of time but still demonstrate a strong link with their migration history and a sense of co-ethnicity with other of a similar background”. Importantly, this does not conflict with other views: “Diasporans are migrants who settle in some places, move on, and regroup; they may also be dispersed; and they are in a continuous state of formation and reformation” (Cohen 2008, p. 142). Transnationalism and mobility views highlight other notions of the concept (e.g. Faist 2000, 2013). Brubaker (2005, p. 1) discusses the concept diaspora and proposes, “to treat diaspora not as a bounded entity but as an idiom, stance and claim”. On the side of entrepreneurial involvement, Riddle et al. (2010) perceive transnational diaspora entrepreneurs as “migrants and their descendants who establish entrepreneurial activities that span the national business environments of their countries of origin and countries of residence”. Riddle and Brinkerhoff (2011, p. 670) suggest, “diasporans who establish new ventures in their countries of origin comprise a special case of international ethnic entrepreneurship”. Diasporas as social formations consist of individuals, also referred to as members or diasporans. Diasporan and diaspora are thus two different terms, particularly, in terms of the level of analysis. We point out that diaspora is not some static post-migration social network, instead, it involves a multitude of actor types, agencies and contexts. Following the embedded view, we suggest that diaspora is a phenomenon that transcends across the individual and the setting beyond physical migrations, providing numerous alternatives and implications for approaches that incorporate these dimensions in research.

3 Framing Diaspora and Diaspora Networks in International Business

There is an increasing demand to examine diaspora and diaspora networks in international business with wider lenses; theoretically, methodologically and ontologically, particularly regarding their status and role in society, investment, business and entrepreneurship (cf. Chen and Tan 2009; Dahinden 2016; Carsrud et al. 2014; Cranston 2017). Since these lenses, i.e. framings, produce research results that mostly live within certain disciplinary traditions, even silos, the book is designed to provide an inter-and multidisciplinary, multi-voice collection of views and

findings that assist in contesting rigid approaches and facilitate future research. The approach is intentional, since innovation and progress lies not so much in silos, but within multi- even trans-disciplinary approaches. Thus, the different parts of the book purposefully present diverse theoretical viewpoints, empirical studies, and geographical, social, cultural and political settings. These may engender critical reflection and trigger alternative and novel ideas for future approaches.

Naturally, we acknowledge that one book can only provide fragments of understanding and each chapter is a subject to its own limitations and framings. Still, each chapter is a piece of the puzzle, and we believe that there is lot of room for improving the big picture of these mechanisms and forces, for developing grand theories and novel research. Thus, these chapters are valuable contributions in this direction, helping to advance the body of knowledge by providing more holistic understandings, and broadening of the theory discussion. Further, the chapters present relevant and interesting entrepreneurial, managerial and policy-making implications that are useful for scholars and policy makers, and to diaspora organizations and economic actors.

Part I—An Overview to Diaspora Networks in International Business addresses central concerns. Therefore, the contributions of this book start by addressing the overall place and mechanism of diaspora networks. Elie Chrysostome and Jean-Marie Nkongolo-Bakenda review and examine the interlinkage of diaspora and international business with the emphasis on the context of homeland. They underline the importance of diaspora entrepreneurs in economic and other homeland development and explain why these entrepreneurs do not follow the Uppsala model in internationalization. Julie Emontspool and Per Servais provide the opposite perspective and investigate the entrepreneurial learning processes and new venture creation in a host country context. They highlight the differences of the entrepreneur-firm level between local and incoming entrepreneurs regarding learning. In the next chapter, a migratory model is presented. Dillon Alleyne and Ikhalfani Solan address the migratory framing that enables the resource employment of highly skilled migrants in economic development in the context of the Caribbean. They propose a model that explains the mechanism from the perspective of the receiving context and suggest that the conditions and the earnings function are central in triggering migrant flows. Finally, Manuel Orozco and Julia Yansura address diaspora trade from the perspective of nostalgia trade and migrant economic transnationalism. They illustrate the trade mechanisms and provide the examples of Salvadorian and Albanian diasporas and their nostalgia market creations in the USA.

Part II—Positive and Negative Economic Activities in Diaspora Networks takes the flows of migrants and the activity-implications under examination. Sylvia Garcia Delahaye and Gabriella Tejada investigate a specific case of Tunisian diaspora in Switzerland and show how these migrants act transnationally to benefit Tunisia by internationalization, accumulating skills and networks, capacity building and by acting as motivated investors and developers, despite their constraints. Ronda da Silva provides another positive example of transnational impact in a post-conflict context of Sri Lanka. She examines how transnational entrepreneurs, returnee potential and business development are intertwined in leveraging the “peace dividend” of Sri Lanka and in improving the local economy. Susana Costa e Silva and Vilmantè Kumpikaitè-Valiūnienė continue with the study of the migration dynamics

in the context of Portugal and address the human resources on the move. They examine the reasons and dynamics that are rather one-sided, further, they explain why and how Portugal suffers from a brain drain and the receiving countries benefit from Portuguese skills employed there. In the next chapter, Vilmantė Kumpikaitė-Valiūnienė presents the extreme case of Lithuania and studies the push-pull factors in four different receiving country contexts, the UK, Norway, Germany and Ireland. She shows a case of a post-Soviet economy where transformation has resulted in a nation bleeding of human capital, illustrating how the situation is leading to dramatic demographic and economic challenges that require “prevention and healing” by new policies. The pull effects of migration and diaspora are not limited to regular and legal business as the next chapter points out. Arla Juntunen addresses the negative side of economic activity, taking the lens of criminality, counterfeit and trafficking in the diasporic context. This chapter advocates for new conceptual tools for an improved understanding of the motivation and mechanisms also addressing the dual and transnational context. She proposes two frameworks for analysis of these negative implications.

In Part III—Diaspora and Socio-Cultural Influences on Business the focus turns to the soft and implicit dimensions of diaspora and diaspora business. Leo-Paul Dana, Markku Virtanen and Wilhelm Barner-Rasmussen start the discussion revisiting the way minorities are approached as disadvantaged groups and addressing the context and social capital of minorities. They provide novel perspectives analysing the Swedish-speaking population of Finland that shake the idea of a minority, and provide evidence on additional minority assets for international business and entrepreneurial activity. Luis Zárate-Montero and Rosalina Torres-Ortega continue with the concept of social capital that enables and fosters internationalization. They present four case studies of Costa Rican software firms that employ diaspora resources to enter the US market and find that these international new ventures were able to benefit from more inexpensive modes of entry and bridge social capital for better performance. In the next chapter, Ye Liu and Thomas Schøtt take a novel approach in addressing the well-being of diaspora and transnational entrepreneurs. They examine the outcomes of diasporic networking and exporting in relation to the life-satisfaction of entrepreneurs. Their findings illustrate that diasporic entrepreneurs enjoy a higher life-satisfaction than native entrepreneurs, especially in the first generation, suggesting that diasporans are more involved in networking and exporting—which increases well-being. From this embeddedness, in the next chapter Sanya Ojo goes to other explanatory concepts and investigates culture and multiculturalism as factors influencing diaspora entrepreneurship. He focuses on the cultural dynamics of black African groups, in particular Nigerians, and ethnic events on the formation of entrepreneurial activity and markets versus job creation and suggests that there are cultural constraints and lack of bridging trust that should link diverse groups together for better opportunities. In total, the phenomenon is more diverse than generally supposed and necessitate attention on the inclusiveness of agendas. Finally, Sonya Sahradyan and Maria Elo turn attention to the other sides of culture, to the linguistic resources and organization of diaspora institutions that assist and promote diaspora resources and interaction. Linguistics and communication of the Armenian diaspora in Finland provide a source of complication as the Armenian

diaspora per se is subject to “superdiversity” and thus uses multilingual repertoires in both offline and online settings. They contradict the idea of cohesive diaspora with a common language and illustrate how diaspora organizations develop ways to cope with the complexity.

Part IV—Diaspora Entrepreneurship and International Business focuses on the theories explaining diaspora entrepreneurship, its leadership, and presents experiences of diaspora entrepreneurs abroad. Jörg Freiling starts by questioning what management and organization theory offer to the concepts of leadership for diaspora entrepreneurs. He discusses and questions the validity of the established constructs in these different settings and points out the need to address both content and context. The author finds that three leadership concepts, effectuation, bricolage and strategic real option thinking consider directly the specific nature of diaspora entrepreneurs. He suggests that the debate on the particularity of diaspora entrepreneurship should shift from ‘either-or’ to ‘as well as’ thinking and proposes the difference per se as a challenge to future research. In the next chapter, Jan Brzozowski focuses on the very pragmatic concern of economic integration of migrants by investigating how diaspora entrepreneurship of diverse cohorts of immigrants facilitates their economic integration. He examines 200 immigrants from culturally distant origins with entrepreneurial activities in Southern Poland and their transnational activity. The findings illustrate that their entrepreneurial activities contribute to their economic integration, and the study presents a multi-layered view on their transnationalism and related dynamism pointing out the need for suitable policies to leverage the potential. After Poland as the host context, the next chapter by Satu Aaltonen and Elisa Akola takes a look at Finland as the host context for an immigrant entrepreneur from Estonia, the neighbouring country. This chapter presents a case of notable ethnic similarity that despite the proximity reveals several liabilities. Trust building and bridging social capital are found to be helpful in coping with the lack of business opportunities. Călin Gurău, Erez Katz Volovelsky and Leo-Paul Dana advance the understanding of the mobility dimension and the intentionality in migrant entrepreneurship. They present a view of sojourning entrepreneurship with the example of an Israeli entrepreneur in China who shifts and evolves professionally to a successful entrepreneur in a distant host context setting up new ventures. Beyond the concept of sojourning entrepreneurs, they also address trust of the expatpreneurs and the transnational parts of life that connect the entrepreneur to the country of origin highlighting how this type of choice form a novel type of an international career. The case points out limitations regarding the matching on previous framings of migrant entrepreneurs. Finally, Aki Harima presents three similarly unusual cases of Japanese entrepreneurs who migrate from more favourable economic and political conditions of Japan to less favourable conditions in emerging countries, such as Argentina, Philippines and Guatemala. She examines and compares their motivations and resources and the role of ethnic-diasporic resources that they employ in their businesses. Here she illustrates an idiosyncratic manner of resource utilization also in terms of diaspora networks and markets, and finds various motivations and business models including social motivation for entrepreneurship.

Part V—Organization of Diaspora Capitals in International Business addresses how diaspora capital happens, how financial decisions, investments,

technology, knowledge and markets are approached for international business and the ways and tools for accomplishing this. The part starts with a view on the influence of diaspora on cross-border M&As. Not only may diasporans invest in their homeland, but their networks may have broader meanings for the investment landscape in the corporate world. William Y. Degbey and Kimberly M. Ellis take African M&As under scrutiny and build a model and testable propositions. They draw on the extant research and propose that diaspora's time spent outside Africa, tribal ties with government and management, as well as, shared colonial heritage moderate the effects of diaspora networks on the post-M&A performance. The next chapter by Daniela Bolzani dives into the intentions to internationalize in 140 new technology-based firms. She examines behaviour and decision-making, comparing immigrant and non-immigrant entrepreneurs in the Italian outward context. She approaches the cognitive determinants of entrepreneurs' intentions to internationalize, in particular their perceptions of the feasibility and desirability of international opportunities. Her study finds that indeed there are differences. Namely, foreign-born entrepreneurs have a stronger belief in the feasibility of internationalization than native entrepreneurs and they also perceive the external support lower. Both groups find internationalization as desirable. Another comparative study by Alberta Andreotti and Giacomo Solano continues by investigating the use of new technologies in migrant and transnational entrepreneurship of Moroccan entrepreneurs in two different host contexts, Amsterdam, the Netherlands, and Milan, Italy. The role of ICT is found to be particularly significant for migrants with transnational businesses as ICT makes operations easier, reduce costs and time gaps, and foster communication. They found the facilitating role of ICT in communication to differ according to purpose. Further, the study suggests that despite ICTs transnational entrepreneurs still need constant physical mobility to nurture their business relations. In the next chapter, Alan Discua Cruz and Pedro Marcial Cerrato Sabillon explain how diasporic success is related to business relations and networks and how in these networks knowledge and information is transferred and used. They presents Honduras Global, a diaspora knowledge network that brings together diverse talent, human resources and capital for development and prosperity generation. The study examines the types of knowledge transfers around entrepreneurship and international business. The key dimensions found are inclusive membership, relationship development and international coordination. The final chapter of this part brings tourism as a form of international business into the focus. Hugues Séraphin addresses diaspora as a marketing target for tourism and discusses instruments for attracting inward diaspora tourism. Destination marketing and gamification are concepts that can be applied for such marketing and he discusses their implementation and role in visual online learning materials that target the Haitian diaspora, in particular the "new generation". Thus, this chapter addresses the challenges not only of diaspora tourism, but also of the descendants that do not necessarily have the emotional and historical bond that could be activated, contrary to the case of nostalgia products. He suggests that the descendants require updated approaches, for example, apps and multimedia instruments for experiencing and initiating the heritage awareness and value that is lacking.

Part VI—Governance of Diaspora Resources and Policy-Making is the last part of the book and emphasizing the organization of resources, institutions in which the resources are employed, remittance dynamics, industry-diaspora settings and diaspora organizations. Imelda M. Nicolas and Joanna Lyn S. Rodriguez open the discussion by addressing diaspora resources and diaspora engagement. They analyse and discuss the overseas diaspora of the Philippines and the respective policies and initiatives that foster the contribution of diaspora towards the homeland. This chapter presents policies and programs and provides an example of a theoretically interesting sending country of human capital and how it copes with the challenges of resource inflows and economic development. The next chapter by Mohammad B. Rana and Foujia Sultana Nipa take the institutional settings under investigation and present seven cases of Bangladeshi diaspora entrepreneurs in Denmark. They analyse the difficulties that relate to the distant institutional context from state roles to socio-cultural aspects, language and mind-set. They study the cases and construct a “House Model” that addresses the motivation, venture creation and management and the impact of institutional context on entrepreneurial behaviour. They find, for example, that sports can form an instrumental institution for socializing among other dimensions for opportunity development. Iris Koleča also traces diaspora engagement and institutions; she explores emigration from eight West Balkan countries and the impact of these migrations on the region. Her study illustrates positive aspects such as foreign direct investment, remittances and migrant entrepreneurship, but underlines the limited impact due to incomplete transitions and privatization in several countries in the region, poor institutional and legislative frameworks, inadequate infrastructure, political instability, unwelcoming communities and unfavourable business context. The next chapter by Diasmer Panna Bloe and Stella Opoku-Owusu provides a unique view to diaspora capital and the organizations working as intermediates in organizing, coordinating and developing diaspora capital and networks. They present and analyse a landscape of diaspora investment patterns, platforms, and networks in the UK that are linked with Sub-Saharan African diasporas. They discuss seven organizations and then propose frameworks for understanding diaspora investment and decision-making. Further, they highlight the importance of intrapreneurship in developing impactful investments as they find that there is an overemphasis of expectations on altruistic motivation. The last chapter by Marianthe Stavridou narrates a link between local industry and Tibetan diaspora in Switzerland and how it evolved over time. She provides an example of real-life societal-industrial interaction with a complex landscape of actors and diverse interests on different levels from political to religious. The author shows how a small village embeds incoming Tibetan refugees as human capital and how this intertwined local evolution of the economy and society takes place. She discusses human rights and ethics and concludes that a proactive, flexible and entrepreneurial approach may foster corporate and societal resilience, advance society to cope better with challenges and points out the need for shared common values in this process.

Finally, in the last section of the book we conclude the discussion with remarks reflecting theories, findings and contributions of the book and discuss future research needs and agendas.

If summarized, diasporans and diaspora networks prove to be relevant actors on the macro-, meso-, and micro-level of economy and international business. They act in numerous roles from human capital units and international entrepreneurs to institutional change agents and aggregate development makers connecting diverse contexts. Clearly, the role of migrants and diasporas has become central for development and economy, a part of the *new mainstream*, that many initiatives are addressing already (e.g. IOM-UNDP Joint Global Programme on Mainstreaming Migration into Development Strategies; International Organization for Migration, IOM 2010). Such mainstreaming has untapped potential also in broader sense.

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Part I
An Overview to Diaspora Networks
in International Business

Diaspora and International Business in the Homeland: From Impact of Remittances to Determinants of Entrepreneurship and Research Agenda



Elie Chrysostome and Jean-Marie Nkongolo-Bakenda

Abstract Migrations and international business have always been part of human history for many centuries. Migrations have continued today for various reasons including wars, but most importantly poverty. However, with the changing nature of the global economy and the development of technologies, the migration and international business has allowed a new category of migrants characterized by their socio-cultural embeddedness and engagement in at least two environments. Although this phenomenon called “*brain drain*” can be very bad for developing countries, as it stifles the effort of economic development of these countries by emptying them of their skilled workforce and intellectual elites, it can also have a positive impact on the economies of developing countries and achieve what has been called “*brain gain*”. Although previous studies have helped for a better understanding of diaspora impact on home country in the areas such as poverty alleviation through remittances, entrepreneurship, and institutional transformation and innovation, several important issues related to diaspora still need the attention of researchers. The purpose of this research is to address some of these issues. So the research analyzes the determinants and challenges of diaspora entrepreneurship, the relevance and the limits of the concept of liability of foreignness in diaspora entrepreneurship. It also discusses the particularities of the performance of diaspora entrepreneurs and limits of the existing international business theories to explain diaspora entrepreneurship.

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1 Introduction

Migrations and international business have always been part of human history for many centuries. It was among others the case of the migrations related to silk international trade that started at least at the second century B.C. and for many centuries between the Mediterranean World and China through Europe and that is known as “Silk Road” (Foltz 2013; Mark 2014). It was also the case of migrations related to the international trade of Venetian and other Italian merchants of Pise and Genes that took place in middle age between the current Italy and the South of Mediterranean Sea and beyond (Jacoby 1999). Migrations have continued today for various reasons including wars, but most importantly poverty. However, with the changing nature of the global economy and the development of technologies, the migration and international business has allowed a new category of migrants characterized by their socio-cultural embeddedness and engagement in at least two environments where they “maintain critical global relations that enhance their ability to creatively, dynamically, and logistically maximize their resource base” (Drori et al. 2009: 1001). It is still probable that this phenomenon is still accompanied by the movement of many highly skilled workers leaving their developing home countries in the search of better living standards in developed countries. According to Eckstein (2013a: XIII), many of today’s immigrants who live in the so-called Global North, the rich countries, come from the Global South, the poor countries of Africa, Latin America, Asia, the Middle East, and North Africa”. Although this phenomenon called “*brain drain*” can be very bad for developing countries, as it stifles the effort of economic development of these countries by emptying them of their skilled workforce and intellectual elites, it can also have a positive impact on the economies of developing countries and achieve what has been called “*brain gain*” (Tung and Lazarova 2007; Rahman 2010; Beine et al. 2011).

In fact, many diaspora members—immigrants who left their home countries to settle in developed countries—are concerned about the economic disadvantage of their developing home countries and have been involved in various initiatives to alleviate poverty and promote international business and economic development in these countries. The impact of such involvement in the homeland economic development has been recognized by many experts, international institutions of development and governments of developing countries that have considered it as an important tool of economic development (Merz et al. 2007; Brinkerhoff 2008a, 2016; Newland 2010; Eckstein and Najam 2013; Sahoo and Pattanaik 2014). Some of the very successful cases of diaspora involvement in the development of home country are the cases of South Korea, India and China (Saxenian 2005). In fact, in years 1970, the involvement of Korean diaspora—settled in the United States—in their home country development with the support of South Korea government has resulted in a sustainable international trade between the US and South Korea, an international trade that has significantly contributed to the economic transformation that has propelled South Korea to its current status of one of the important global economic players (Kim 1983; Chin et al. 1996; Lee 2005). A similar economic

transformation has been observed recently with the Chinese diaspora (Bolt 1996; Lever-Tracy et al. 1996; Smart and Hsu 2007) and Indian diaspora (Singh 2012; Hercog and Siegel 2013). Today, the positive contributions of diaspora involvement to their developing countries are largely recognized (Eckstein 2013a). The amount of diaspora remittances to some developing countries has exceeded the amount of the international assistance for development or investment by multinational companies (Eckstein 2013b). As mentioned earlier, more and more researchers have focused their works on diaspora involvement in homeland development. For example, Gillespie et al. (1999), Riddle (2008a, b), Riddle et al. (2008), Eckstein and Najam (2013); and Elo and Riddle (2016) studied the role of diaspora in the investments and development of the homeland. Nkongolo and Chrysostome (2013) studied the determinants of diaspora entrepreneurship in developing countries. In Eckstein and Najam (2013), different authors examined how developing countries from different parts of the world are affected positively or negatively by the exodus of their people in different areas such as in their macro-economic, social, and cultural aspects. Chrysostome (2014) Newland and Tanaka (2010) and Minto-Coy (2016) studied how diaspora entrepreneurship can positively affect the development of the home country. Elo (2015, 2016) also analyzed among others the influence of diaspora networks on international business in the home country and proposed a typology of diaspora entrepreneurship. Brinkerhoff (2016) examined the advantage of diasporas to promote institutional reforms in their countries of origin.

The works of these researchers have helped for a better understanding of diaspora impact on home country in the areas such as poverty alleviation through remittances, entrepreneurship, and institutional transformation and innovation. However, there are several important issues that have not been addressed or deepened yet. For example, the positive and negative impacts of immigrants on home and host countries are now well documented, but little is known about how and under what conditions the positive impacts of immigrants on the countries they left might be increased and how the negative impacts could be avoided. The purpose of this research is, first, to lean on extant studies and address some neglected aspects of these issues and, second, to draw the attention of researchers on several other issues that deserve their attention. Therefore, in addition to this introduction, the first section of the research focuses on diaspora remittances and its impact on the home country development and the second section focuses on the determinants and challenges of diaspora entrepreneurship. The third and fourth sections respectively discuss the liability of foreignness in diaspora entrepreneurship and the particularities of performance of diaspora entrepreneurs. The fifth section analyzes the limits of existing theories to explain diaspora entrepreneurship and the sixth section points out some important unexplored topics that deserve the attention of researchers.

2 Diaspora Flows of Remittances and Their Impact on the Home Country Development

The term diaspora refers to the migrants or their descendants who maintain a relationships with their home countries (Safran 1991; Gillespie et al. 1999; Riddle et al. 2008; Riddle and Brinkerhoff 2011). As such, it's not all the immigrants settled in foreign countries that can be considered as diasporans. The immigrants who have not kept relationships with their home country or have interrupted them are not diasporans. Also the immigrants who have returned to their home country to settle and who are referred to in general as immigrant returnees cannot be considered as diasporans (Drori et al. 2009).

For various reasons including poverty, political unrest, search of better living conditions, globalization, the number of diasporans in the world has greatly increased for the last few decades (Eckstein 2013a, b). In particular, the increase of the number of diaspora members from developing countries living in developed countries has been very significant. For instance, the number of Sub-Saharan African diasporans is estimated at 16 million of which more than 10 million live in Western countries and outside Africa (Kaba 2011). The number of diasporan from Caricom region is estimated at eight million in 2013, compared to four million in 2002 (Minto-Coy 2016). Also, it's believed that 12.8 million of Asia immigrants live in the USA in 2014 compared to 460,000 in 1960 and representing approximately 30% of immigrants living in the USA today (Zong and Batalova 2016). These facts speak by themselves, but most importantly point out the great potential of the contribution of diasporans to the development of their home countries.

Many experts have explored the important role that diasporans can play in the development of their home countries and have come to the conclusion that the governments of developing nations which are the home countries of many diasporans as well as the governments of their host countries, the developed nations in general, and international institutions of development should give a special attention to diasporans in order to harness their resources to the development effort of their home countries (Newland 2010). The phenomenon of diaspora as result of migrations that was called *brain drain* and considered as very bad for the development of home countries, in particular developing nations, has changed into another phenomenon called *brain gain* or *brain circulation* which is considered as good for the development of the home countries (Saxenian 2005; Wescott and Brinkerhoff 2006; Benedict and Ukpere 2012; Kamoche 2011).

In fact, there are various economic and non-economic benefits of diasporans involvement in their home country including remittances, skills and technology transfer, promoting entrepreneurship and creating SMEs and new jobs, stimulation of international trade, promoting democracy and good governance, community development. Many scholars have particularly stressed the importance of remittances (Vaaler 2011). Some of them suggested that the amount of diaspora remittances to developing countries has been more than the double of amount of foreign international assistance for development (Riddle 2008a; Gayle et al. 2013). In fact, the

amount of global remittances including those to high income country was estimated at \$581.6 Billion in 2015 compared to \$592 Billion in 2014. From that amount, \$431.6 Billion went to developing nations 2015 compared \$430 Billion in 2014, a very slight increase of 0.4% (World Bank 2015). The Latin America and Caribbean region received \$66.7 Billion in 2015 while the Middle East and North Africa and the Sub-Saharan Africa received respectively \$50.3 Billion and \$35.2 Billion. For the Asian continent, the amounts of remittances received in 2015 was \$127 Billion for East Asia and Pacific and \$117.9 Billion for South Asia. Some experts consider these numbers as significantly underestimated as they are only the results of formal channels of money transfers and don't include the remittances that used informal channels of money transfers. For instance, Bodomo (2015) suggested that the amount of remittances of African diasporans to Sub-Saharan Africa in 2015 was between \$120 Billion and \$160 Billion, at least four times higher than the amount suggested by the World Bank.

The diaspora remittances represent a significant percentage of the GDP of some developing countries and have a critical impact on the social and economic conditions of these countries. For instance, in 2014, the amount of remittances reached 52% of the GDP in Tajikistan, 31% in Kyrgyzstan, 25% in Nepal and Moldova and was over 20% in Samoa, Lesotho, Armenia, Haiti and Liberia (World Bank 2016). However, these numbers don't mean that diaspora remittances translate automatically in considerable changes to the economic development of the home countries.

Diaspora remittances can be productive or non-productive. If the remittances serve to face the social and financial needs of diasporans loved ones in the home country, they don't result in productive activities and wealth creation although they contribute to consumption and poverty alleviation in the home country. Also, if the remittances serve to support political activities either in favor or against the home country government they don't directly generate any productive activities (Brinkerhoff 2008b; Kapur 2007). In these cases, remittances represent a weak source of productive investments (Nyberg-Sorensen et al. 2002; Mercer et al. 2008; Lin 2010). Some scholars also suggest that remittances can have adverse effects on the economy of the home country as they can be source of inflation (Kapur 2007) or create an economic dependency (Lubambu 2014). Unlike non-productive remittances, productive remittances can contribute to economic growth in the home country through productive activities such as entrepreneurial activities which results in job and wealth creation, development of international trade which may results in the improvement of the balance sheet, attracting new technologies and managerial expertise, etc. For example, in Morocco, the government has creatively used the banking system to transform remittances into an instrument of development (Iskander 2013). It has also been shown that remittances can contribute to improve the country's creditworthiness and access to capital markets (World Bank 2006).

The analysis just proposed above focuses on financial remittances, but the remittances can be non-financial or non-economic. In fact, diaspora members can significantly contribute to the development of their homeland through non-financial remittances. Although the existing literature has remained very poor about the importance of non-financial remittances, it has started to be a topic of interest for

some scholars who use different terms such as non-economic remittances (Kshetri et al. 2015) or social remittances (Levitt 1996; Levitt and Lamba-Nieves 2011; Lacroix et al. 2016) to refer to them. Hence Eckstein and Najam (2013) have dedicated some chapters of their edited book to the impact of immigrants on socio-cultural values in the immigrant home countries. As well, Kshetri et al. (2015) explored how the diaspora non-economic remittances can influence entrepreneurship development in the home country. They proposed a typology of three major non-economic remittances which are the followings: social remittances which refer to ideas, behaviors, identities and social capital that flow from receiving to sending-country communities (Levitt 1996). An example of social remittance that they provided is the diaspora effort in promoting the image of their home country abroad. Another example related to the diaspora involvement in various activities in the host country with the purpose to promote: (i) corporate social responsibility in the home country (See Forman et al. 2007); (ii) technical remittances which refer to the flow of knowledge, skills and technology related to migrations (Nichols 2002); and (iii) political remittances which refer to positive diaspora-induced changes in political practices in the home country. Goldring (1992) and Moctezuma (2000) refer to these non-financial impacts as migration-led transformation in political identities, discourses and practices.

Kshetri et al. (2015) also suggested that the nature of the host country as well as the diaspora's general education, experience and skills and the measures taken by the home country are the key determinants of the flows of non-economic remittances. Minto-Coy (2011) focused on the Telecom-Mediated Diasporic Engagement (TMDE) and explored the different ways in which telecoms can facilitate and advance the relationships between Caribbean diaspora and the region. She stressed the technology, skills and knowledge transfer resulting from such relationship. Diaspora remittances can promote diaspora entrepreneurship.

3 Diaspora and Entrepreneurship in Developing Countries: From Determinants of Success to Challenges

Diaspora entrepreneurship refers to the entrepreneurial initiatives undertaken by an immigrant in his or her home country while residing in the host country. As such diaspora entrepreneurship is not synonym of transnational entrepreneurship (Sequeira et al. 2009) as a transnational entrepreneur doesn't have to be a diaspora member. The use of the term "transnational" for this category of entrepreneurs has been discussed in Portes (2001) and Nkongolo-Bakenda and Chrysostome (2013). Although this term can legitimately be used by scholars to stress the transnationalism and socio-cultural embeddedness of these entrepreneurs in at least two nations, it brings confusion with its meaning in international field where it represents a category of multinationals different from global and multi-domestic categories on the basis of organizational design, local responsiveness and interdependence among country

divisions (Harzing 2000). Therefore some diaspora international enterprises, but not all, might be transnational in the international business context. Furthermore, as specified by Drori et al. (2009), diaspora international entrepreneurship should not be confused with ethnic entrepreneurship, entrepreneurship of immigrant returnees nor with international new ventures from which they differ either by their motives to go in business, the location their activities and embeddedness in at least two nations, or by their approach and domain of activities.

Several scholars studied recently various aspects of diaspora entrepreneurship. Some of the aspects that they focused on are the characteristics and motivations of the diaspora entrepreneur, the factors facilitating the beginning of diaspora entrepreneurial activities or their success, and the impact of diaspora involvement in the development of their home country (Nkongolo-Bakenda and Chrysostome 2013). For instance Riddle and Brinkerhoff (2011) suggested that the institutional acculturation of diasporans in their host country can help them to contribute to important institutional changes in their home country when they are involved in entrepreneurial activities in that home country. Newland and Tanaka (2010) suggested that the diasporans that are opportunity immigrant entrepreneurs are more likely to contribute to the development of their home country if they are well organized and get the support of their home country. They pointed out the challenges that diaspora entrepreneurs face in general. In the same vein, Plaza and Ratha (2011) focused their study on African diaspora and suggested that African diaspora investments can represent a more stable source of funds for the development than other foreign funds because of the diasporans familiarity with their home country. They insisted on various actions that can be undertaken to encourage diaspora involvement—through investments and transfer of skills and technology—in their home country, including dual citizenship, active support of government institutions abroad, etc. . . . Elo and Riddle (2016) analyzed importance of diaspora investments in development of the home country and proposed an analytical typology of diaspora investments. Moreover, Elo and Volovelski (2016) explore the influence of religion on diaspora entrepreneurship. Also Gillespie et al. (1999), Sequiera et al. (2009) and Nkongolo and Chrysostome (2013) explored the determinants of diaspora entrepreneurship.

It's very interesting to notice through these works that the profile diaspora entrepreneur is not totally consistent with the usual profile of the traditional entrepreneur mainly in search of profit. The factors influencing the emergence of diaspora entrepreneurship go beyond the usual profit oriented factors known to favor entrepreneurship. For instance, sometimes the motivations behind the entrepreneurial initiatives of the diaspora entrepreneurs don't reflect any economic rationality. Altruism (Gillespie et al. 1999; Nielsen and Riddle 2009; Newland and Taylor 2010; Nkongolo and Chrysostome 2013) and in particular the diaspora's feeling of moral responsibility to contribute to the development of the home country, the need of social recognition or the search to reconquer a social status lost after moving to a foreign country (Sana 2005; Nkongolo and Chrysostome 2013), patriotism, the need to be close to family (Lin and Tao 2012) are sometimes among the motivations of entrepreneurial activities of the diaspora entrepreneur in the home country. Also the receptivity of the home country and the host country governments through various

specific programs targeting diaspora entrepreneurs can play an important role in the emergence of the diaspora entrepreneurship in the home country (Nkongolo and Chrysostome 2013). Another important factor playing a critical role in diaspora entrepreneurship and often examined by scholars is the network of the diaspora entrepreneur in the home and host country (Patel and Conklin 2010; Brzozowski et al. 2017). It is surprising to notice that studies on the characteristics of diaspora international entrepreneur (e.g., Lin and Tao 2012; Zolin and Schlosser 2013) have limited their attention to demographic characteristics without examining the psychological dimensions while those interested to the motivations have focused often on the search of profit. Also, very little attention has been given to strategies leading diaspora international entrepreneurs to success. Yet, the choice of strategies and actions to balance discrepancies between the dual environments have been considered as essential to the success of diaspora international entrepreneurship (Drori et al. 2009; Patel and Conklin 2010).

Some of the challenges that the diaspora entrepreneur faces in his or her developing home country are the following: (a) ethical challenges, namely endemic corruption (Mauro 1995; Sheifer and Vishny 1993), weak corporate social responsibility; mistrust of the business environment (Chrysostome 2014); (b) administrative and legal challenges, namely red tape (Guriev 2004; Ciccone and Papaioannou 2007) that results in long delays in starting business, a situation that increases operations costs and affects the competitiveness of the diaspora entrepreneur, tax uncertainty, cloudy regulatory system, currency fluctuations, dysfunctional institutions, sparse information, ineffective legal system and political instability (Anyaeche 2012), unreliable and ineffective judicial system (Gray 1997); (c) sociological challenges that may take the form of interpersonal mistrust (Nun and Wantchekon 2010), family encumbrance (Yang 2010), megalomania of the home country partner (Mukenge 1974).

The phenomenon of diaspora entrepreneurship raises various issues that are still subject of debates. Some of them are related to liability of foreignness, the performance of diaspora entrepreneurs and the limits of some well-known theories to explain diaspora entrepreneurship.

4 Liability of Foreignness and Diaspora Entrepreneurs

The liability of foreignness refers to the costs related to doing business in a foreign country (Hymer 1976). It's a concept that captured the attention of several researchers who examined it from different angles (See Zaheer 1995; Zaheer and Mosakowski 1997; Rugman and Verbeke 2004, 2007; Johanson and Vahlne 2009). It's believed that the diaspora entrepreneur doesn't face the liability of foreignness and has a great deal of networks in the home country while conducting entrepreneurial activities in the home country. The argument justifying such position is that the diaspora entrepreneur shares the culture of his or her home country and is aware of the business environment and practices of the home country, and as such doesn't

have to face any psychic distance that will need social adjustments. But this view suggests that the concept of diaspora is homogeneous and that all diaspora members keep connection with their home country while residing in foreign countries.

The community of diasporas is heterogeneous with different groups with regard to the reasons of immigration (refugee immigrants, economic immigrants, student immigrants, investor immigrants etc.). With regard to their level of connection to the home countries, we can group them in three categories depending on their level of sensitivity to liability of foreignness in their home country: (i) the diaspora members who keep a well nurtured connection with their home country through frequent visits and continuous communication with their home country and who keep their culture in the host country; (ii) the diaspora members who keep infrequent relationships with their home country and (iii) the descendants of the diaspora members and the diaspora members who start or resume relationships with their home country after a long period of time. It's accurate to think that the first category of diaspora members don't face a significant liability of foreignness when they are involved in entrepreneurial activities in the home country. However, the diaspora members of the second and the third categories face a significant liability of foreignness when they are involved in entrepreneurial activities in their home country. Not keeping or not having a continuous connection with their home country or resuming this connection after many years posits the diaspora member as a foreign entrepreneur when he or she starts a business in the home country. In particular, for the descendants of diaspora members who never had in the past any serious relationships with the home country of their parents, the short connection that they may establish with this home country before starting business may not be enough to avoid them the liability of foreignness. They may have a significant cultural myopia as they don't share to a great extent the values of the home country, do not understand the mentalities of the home country and don't speak the languages of the home country. Therefore, they may need the same social adjustments that the usual foreign entrepreneurs need to succeed in business in the home country.

As well, considering that diaspora international entrepreneurs have automatically a great deal of networks in the home countries suggests that they keep and trust in the family and friends they left behind to involve them in their businesses. But this assumption neglects the fact on the one hand, that the business undertaken might require competences that networks in the home country, if they are kept, might not possess and, on the other hand, that diaspora life in the host country could have brought some level of acculturation that has reduced the traditional kinship burden. Therefore, although diaspora international entrepreneurs might have more facilities to reduce foreign liability and access more easily to networks in the home country than other international categories of entrepreneurs, these facilities have some limitations.

5 Performance of Diaspora Entrepreneurship Versus Immigrant Entrepreneurs

Entrepreneurs are often divided in two categories with regard to the motives that drove them to business: those driven by necessity and others driven by opportunity (Chrysostome 2010). For Drori et al. (2009: 1004), “in contrast to the EE [ethnic entrepreneur] paradigm, the locus of reference for TE [transnational entrepreneur] is the international theater, where it focuses explicitly on the significance and opportunity of cross-border business activities”. This statement suggests that diaspora international entrepreneurship can be considered as an opportunity entrepreneurship in opposition to necessity entrepreneurship. One of the important issues that can be raised here is about the assessment of the performance of the diaspora international entrepreneur. In other words, should the performance of a business of a diaspora entrepreneur be assessed with the usual performance indicators of SMEs. Answering this question calls for some nuance. First of all, it’s important to mention that the assessment of the performance of an organization should always be based on the goals pursued by the organization. Therefore, the usual financial indicators of SMEs’ performance may not be always relevant. For instance, for the necessity immigrant entrepreneur for whom the goal for starting business is to survive in the host country where he or she faces a blockage on the job market, the usual financial performance indicators may very quickly become irrelevant as the goal here is not in priority to increase the profit, the size of the business, the sales or the return on investments. The most relevant indicator in this case is the survival of the business of the immigrant entrepreneur (Chrysostome 2010). Unlike the necessity immigrant entrepreneur who is driven by the necessity of survival in the host country, the diaspora entrepreneur may be driven by the identification of a business opportunity in the home country although sometimes he or she can also be driven by non for profit motivations (Riddle and Brinkerhoff 2011; Rana and Elo 2017). In fact, when the behavior of the diaspora entrepreneur in the home country follows the pathway of the typical entrepreneur with traditional financial goals, the usual financial indicators of performance of SMEs should apply. Some researchers have found that sometimes the motivations behind the entrepreneurial initiatives of some diaspora entrepreneur in the home country are also non-economic motivations, such as altruism, patriotism, search of social recognition, etc. (Gillespie et al. 1999; Nielsen and Riddle 2009; Newland and Taylor 2010; Nkongolo and Chrysostome 2013). In these cases, given the goals pursued by the diaspora entrepreneurs are not the typical goals of the usual entrepreneurs, the usual financial indicators cannot be considered. The performance of the diaspora entrepreneur should be assessed in relation with the non-economic goals pursued. A subjective indicator of performance such as the level of satisfaction of the diaspora entrepreneur can be considered. The level of satisfaction of partners has been used to assess the performance of joint ventures in which the partners are pursuing different goals.

6 The Limits of Existing Theories to Fully Explain the Diaspora International Entrepreneurship Phenomenon

Diaspora entrepreneurship swims through the mesh of most of existing theories in international business. According to the Uppsala model (Johansson and Vahlne 1977), the firm internationalization is a gradual process of different steps through which the firm should cautiously go, taking time at each step to learn about the host country market in order to avoid failure. But the traditional diaspora entrepreneur, in general, doesn't need to follow this process. In fact, the diaspora entrepreneur that has continuously kept an active connection with his or her home country doesn't need to go through different steps in order to learn about his or her home country's market or to develop an international experience with that home country before undertaking entrepreneurial activities in the home country. There is no significant psychic distance that he or she should overcome to avoid failure. Therefore the Uppsala model fails to explain the diaspora entrepreneurship. The born global theory suggests that the international entrepreneur should have a unique or innovative product in order to enter several foreign markets at the same time (Oviatt and McDouglas 1995; Knight and Cavusgil 1996; Madsen and Servais 1997). But many diaspora entrepreneurs doing business in their home country don't need to have any innovative nor unique products. It's the case of diaspora entrepreneurs involved in the business of used cars, used clothes or used electronic devices. Also, it might be interesting to mention the situation of bringing to developing or emerging economy countries products/services that are already outdated in developed countries, but still needed in developing countries due to the development gap between the two environments. Thus, the born global theory doesn't capture the dynamic of diaspora entrepreneurship. As to the network theory of internationalization, it suggests that developing business networks in foreign countries will help the firm to internationalize its activities (Johanson and Mattson 1988). Although, developing business networks in the home country will certainly be beneficial for the diaspora entrepreneur, in many cases, the diaspora entrepreneur doesn't absolutely need these networks to operate his or her business in the home country. The business started in the home country can just be an extension or a wholly owned subsidiary of the diaspora business in the host country. As well the born global theory suggests the acquisition of the experience from previous business activities by the entrepreneur. For the diaspora international entrepreneur, the previous experience is not necessarily acquired in business, but just through previous knowledge of needs and opportunities in the country he or she left and the discovery of the potential means and opportunities in the host country to fulfil these needs.

As it can be seen, the existing theories in international business can explain only partially the phenomenon of diaspora international business and they need either to be modified partially or entirely to give a satisfying explanation.

Although diaspora entrepreneurship has been recently subject of many research works, there are still several important issues that have not been explored.

7 Avenues for Future Research

The topic of diaspora has drawn the attention of many researchers for the last decade. Experts in sociology, anthropology, economics, international business, management and entrepreneurship have explored various aspects of diaspora. As one can see in the previous sections, some important aspects that have been addressed are: the identification of the object and particularities of this new field of research, the importance of diaspora remittances, the potential of diaspora investments and its social and economic impact on poverty and development of the home country, the influence of networks in diaspora entrepreneurial initiatives, the determinants and challenges of diaspora entrepreneurship. Although this effort of research on diaspora, there are some aspects of diaspora that are not explored yet or that have not been sufficiently highlighted by the current works. Some of these aspects relate to the characteristics of the entrepreneur, others to the organizing and strategic behavior of the diaspora international entrepreneur, and others to the dual environment that characterize this field of research (Nkongolo-Bakenda and Chrysostome 2013). With regard to the characteristics of the entrepreneur, extant studies missed to look at the psychological characteristics and were limited to the demographics ones. When examining the organizing and strategic management, scholars have often focused on the importance of networks for the success of diaspora international entrepreneurs. But very little attention has been paid to the competitive strategies used, the modes of entry, the organizational structures (design, interdependence, and product responsiveness) adopted with regard to the dispersion of international activities, etc. Finally, with regard the dual environment, studies use to stress the particular advantage of diaspora international entrepreneurs for their embeddedness in dual environments. But little is said about how this duality is managed given the fact that the entrepreneur is certainly acculturated by the new system he or she has embraced while keeping some aspects of the one he or she has left behind. In addition to these aspects, it is also worth to mention the necessity to examine the influence of the characteristics of the residence location of the diaspora in the host country on his or her business in the home country, the collaboration between diaspora members in order to promote various entrepreneurial and non-entrepreneurial projects, the motivations and facilitation of non-economic remittances to developing countries, the diaspora contribution in strengthening institutions in developing countries and the assessment of the impact of diaspora entrepreneurship in developing countries and lessons to learn from Chinese and Indians diaspora involvement in the development of their home country.

7.1 Influence of the Characteristics of the Diaspora Residence and the Home Country

The literature has shown that not all immigrants have a great predisposition for entrepreneurship. Some immigrants have pre-migration talents or preparation for

entrepreneurship in the host country and therefore a better chance to succeed with their entrepreneurial activities while others don't. In other words, some characteristics of the home country of the immigrants can influence their entrepreneurship predisposition in the host country. For instance, Fairlie and Lofstrom (2013) found that in the US Korean, Italian, Iranian and Brazilian immigrants represent 20% of immigrant businesses compared to 8% for Philippines, Jamaican and Mexican immigrants. Also Saxenian (2002) reported that Indian and China represent the highest percentage immigrant entrepreneurs in Silicon Valley. The countries that have a higher rate of immigrant entrepreneurs are more likely to have a higher of diaspora entrepreneurs. In fact, the ethnic origin, the level of economic development as well as the level of urbanization of the home country and the culture of the immigrant are some of the home country characteristics that can affect immigrant entrepreneurship. But we don't know much about the characteristics of the host country that may influence diaspora entrepreneurship. Nkongolo and Chrysostome (2013) stressed the receptivity of the host country. It may be useful to *examine if the size and the economic power of the host country influence the propensity to diaspora entrepreneurship in the home country*. Also, given developed countries are in general high level income environment and exposed their immigrant to various advanced technologies, it would be great to *examine if the income level and the level of technological development of the host country influence diaspora entrepreneurship in developing countries*.

7.2 Building Trust and Promoting Collaboration Between Diaspora Members

Trust is very important for business involvements. In the particular case of diaspora members, the importance of the role of trust in building their social and business networks has been underlined among others by Chrysostome (2014), Chand and Tung (2011) and Adogame (2013). Unfortunately, in many diaspora communities in the host countries, trust is still an important ingredient missing in the relationships between diaspora members (Chrysostome 2014). In these communities, the diaspora members don't trust each other and don't trust either their associations which are the organizations that represent them in the host countries. Moreover, the diaspora members don't always trust the members of their home country government that sees them sometimes as a threat for their political influence in the home country. This suspicion of the home country government members towards diaspora members can become very serious when some of the diaspora members are openly opponents of the home country government. The lack of trust within diaspora communities and between them and their home country government doesn't allow them to pool their resources and talents in order to contribute to the development of their home country at their full potential. Therefore, *investigating the factors that cause a lack of trust within diaspora communities, exploring how to build trust and reliable network with*

other diaspora members of the same ethnic community will be of a great interest for research. Furthermore, investigating how to promote collaboration between diaspora members on the one hand, and between diaspora members of the government of their home countries on the other hand will certainly be good avenues to consider for future research. Given the diaspora member is involved in entrepreneurial activities in the home country while he or she has his or her principal residence in the host country, it would be interesting *to explore how to build trustful relationships with the local partner and develop a stable win-win business collaboration.* In particular, it would be interesting *to explore if there is any specific entry mode that will help to develop such a trustful collaboration in the home country,* in general a developing country, where the local partner may easily misrepresents the financial status of the diaspora member and mishandle the financial resources of the business jointly created.

7.3 Facilitation of Non-economic Remittances and Reduction of Remittances Costs

The non-economic remittances of diaspora members have not been thoroughly explored even if some researchers insisted on the necessity to identify them. Kshetri et al. (2015) identified very recently three types of non-economic remittances, namely the social remittances, technical remittances and political remittances and they analyzed some measures that some Latin American countries took to stimulate their flows. It would be great *to study how to increase the flows of non-economic remittances and how they influence diaspora entrepreneurship, in particular in Africa where many countries are in the low income category.*

The diaspora remittances to their home countries has become today the most important source of funding in developing countries and as such it has significantly contributed to poverty alleviation and investments in entrepreneurial activities. (Newland and Tanaka 2010; Riddle and Brinkerhoff 2011; Plaza and Ratha 2011). However the costs of remittances still represent important concerns to many diaspora members. Although World Bank (2015) suggests that the costs of remittances have fallen to a global average of 7.53%, it still costs in average 9.53% for Sub-African diaspora members, a rate that has remained high obliging many of them to use informal channels of money transfer. According to Bodomo (2015) the number suggested by World Bank about remittances is by far underestimated as about 75% of remittances to developing countries use informal channels of money transfer. Hence, it would be interesting *to explore the factors that can contribute to reduce the cost of remittances to developing countries.*

7.4 Diaspora Contribution in Strengthening and Transforming Institutions in Developing Countries

“Africa doesn’t need strong men, it needs strong institutions”, this is the laconic statement of President Obama before the parliament of Ghana during his visit to this country in 2009, a statement that has quickly become very famous given the extent to which it underlines one of the biggest obstacles to development in developing countries. Indeed, institutions play a key role in the development of a country and their quality influences its development (Acemoglu et al. 2002; Esfahani and Ramirez 2003; Glaser et al. 2004; Pande and Urdy 2005; Rodrik 2000). Casson et al. (2009) even suggest that there is a circular relationship between institutions and development. Thus, the weakness of institutions has been one of the most important characteristics of developing countries. The literature has shown that the weakness of institutions in developing countries is not limited to a very specific area, but can be observed at various levels in all the different spheres of political, social and economic life. Diasporans living in developed countries have been exposed to environments characterized by strong institutions and have observed its benefits. There is no doubt that they can contribute to strengthen the institutions or help to reduce the institutional void in their home countries. Therefore it would be very interesting that researchers explore how diaspora members of developing countries residing in Western countries can contribute to strengthen the institutions or reduce the institutional void in their home countries. More specifically some of the issues that can be explored are the followings: (a) *what mechanisms can they use to contribute to reinforce the institutions in their home countries? How can diaspora members help their home country to develop a business friendly environment that can promote diaspora entrepreneurship and attract foreign investments?* A business friendly environment means among others an effective legal system that can make the business environment and business transactions safe and reliable, an effective and accessible financial system, speedy procedures of starting business, business friendly infrastructures (electricity, roads, communications, etc.); (b) *how can diaspora members contribute to the establishment of an effective governance and accountability in their home countries?* A poor governance often results in corruption and the collapse of public and private institutions which hinder the development; (c) *what can diaspora members do to reinforce the respect of law and in particular, the respect of constitution, human right and freedom of speech in their home countries?* The lack of respect of constitution and human right is the cause of conflicts and social and economic instability in many developing countries; (d) *how can diaspora members contribute to establish an effective fiscal policy?* An effective fiscal policy can be used to attract investments, promote businesses and create jobs or to leverage financial resources to support social programs. It can also help to reduce income inequality which in return can support the consumption and support business activities. The contribution of diaspora residing in Western countries to strengthening institutions in their homeland should not be limited to the formal institutions, but should be extended to informal institutions with the purpose of transforming the informal institutions that represent obstacles for

development in the home country. The term informal institutions refers to customs, moral values, traditions, religious beliefs and social norms (Pejovich 1999). The informal institutions also affect the social and economic activity of the home country and therefore its economic development (Elbially and Gouda 2011). Hence, a question that may be of interest for future research is the following: (e) *exploring diaspora's effort to strengthening institutions through a change of poverty perpetuating traditions in developing countries*. Another question that it may interesting for researchers to explore can be formulated as follows: (f) *how diaspora members can contribute to transform the informal institutions in order to build a development supportive institutional framework in their home countries*.

7.5 Measuring the Impact of Diaspora Dispersion and Diaspora Entrepreneurship in Developing Countries

The impact of diaspora involvement in the economic development of their home country has received a great attention of many researchers for the last decade. It's well established today that diaspora involvement in the home country can improve the development of the country by fueling investments through remittances, increasing the flows of international trade, facilitating the transfer of technologies and promoting diaspora entrepreneurship (Boly et al. 2014; Riddle 2008b; Newland and Tanaka 2010; Nkongolo and Chrysostome 2013). However there are still several aspects of the diaspora impact that are not studied yet or understudied. One of them that Gervokyan (2015) pointed out is the effect of the dispersion of the diaspora members. Given the degree of diaspora dispersion is not the same for the different developing countries, it may be interesting to explore *how the level of dispersion of diaspora residing in Western countries affects diaspora entrepreneurship in their home countries*. Another aspect that may deserves the attention of researchers is the assessment of the socio-economic impact of diaspora entrepreneurship. Although several scholars have examined various aspects of diaspora entrepreneurship, it seems that an objective measurement of its impact on the development of the home country is still needed. Therefore, it would be good to *develop a grid of indicators to measure the contribution of diaspora entrepreneurship in the socio-economic development of the home country and in particular in the poverty alleviation*. Finally, given the increasing support of some international institutions to promote diaspora entrepreneurship in developing countries, it's really worth *measuring the success of the support of these institutions to diaspora entrepreneurship in developing countries*.

7.6 *What to Learn from China, India and South Korea Diaspora Economic Involvement*

China, India and South Korea are incontestably among the countries where the contribution of diaspora residing in Western countries in the socio-economic development are the most visible and inspiring. In fact, in late 1980s with the effort of Chinese government to promote an economic collaboration with Western countries, the late Chinese president Deng Xiaoping lifted the restrictions preventing Chinese people to travel to foreign countries and supported many Chinese students to travel to Western countries and the United States in particular, in order to study. As results of this initiative, many Chinese students have settled in Western countries after studying and have acquired in various areas (high tech and business in particular) an expertise that they have brought to their home country. Such Chinese brain gain and its impact on the Chinese economic rise has been underlined by several scholars (Patterson 2006). Likewise, India took various initiatives to encourage its diaspora in Western countries to invest in the homeland. The Indian diaspora was receptive to these initiatives and the involvement of Indian diaspora in the economic development of India has been remarkable today. Like China and India, the government of South Korea also took some initiatives to promote the formation of Korean business diaspora in Western countries. It established a program which encouraged Korean business people to settle in Western countries for business and the program provides various supports including financial supports and training. As results of this program, many Koreans who became successful business diaspora engaged in international trade with their home country. Such international trade has contributed to economic changes in South Korea (Patterson 2006). These experiences of diaspora with their developing home countries can be very inspiring to other developing countries, but most importantly to the researchers working on diaspora business initiatives. Therefore one of the important questions that can be considered for future research is: *what lessons can developing countries learn from the experience of Chinese, Indian and Korean diaspora economic involvement in their home countries?* In particular, in the case of Africa which is a continent of 1.2 Billion people where the economic rise has been sustainable for the last few years, *can this experience of China, India and South Korea inspire African governments?* For instance, it's known that some African countries like Democratic Republic of Congo are very rich in mineral reserves, therefore it may be interesting to consider the following research question: *exploring the impact of the formation of Congolese diaspora in mining business on the economic development of their home country.*

8 Conclusion

Diaspora members, and in particular, diaspora members from developing countries have become critical players in the socio-economic development of their home countries. This research has provided an overview of the impact of diaspora involvement in the development of their home and has discussed various important business concepts and international business theories that are relevant to diaspora entrepreneurial initiatives. More specifically, it has provided some critical facts about the overwhelming importance of diaspora financial and non-financial remittances and their impact on the home country socio-economic development. It has also discussed the determinants of success of diaspora entrepreneurship in developing countries and has pointed out its uniqueness and the challenges it has been facing. Some important concepts of international entrepreneurship that deserve a specific interpretation when it comes to diaspora entrepreneurship have been addressed. Thus, the research explained the caution that should be used with liability of foreignness and performance in diaspora entrepreneurship as diaspora entrepreneurship is not similar to usual entrepreneurship. The research also discussed why some very influential theories in international business like the Uppasala model, the born global theory and the networks theory have failed to convincingly explain diaspora entrepreneurship. Finally the research has discussed some important issues related to diaspora entrepreneurship that need to be addressed by researchers. Few of these issues are the following: exploring models of diaspora's collaboration for development initiatives in the homeland, strategies for promoting diaspora non-financial remittances in their home counties, economic impact of diaspora dispersion on the homeland development, contribution of diaspora in strengthening institution in the home country, lessons to learn from Korean, Chinese and Indian successful experience of diaspora involvement in the home country development.

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Learning in Various Types of New Ventures: The Role of “Incoming” Entrepreneurs



Julie Emontspool and Per Servais

Abstract This chapter investigates different learning process in some specific types of international new ventures according to the founder’s previous experience and background, especially those of foreign outset (migrant, transnational) compared to domestic entrepreneurs. After a brief review of existing literature about entrepreneurial learning in the international context, this chapter proposes a framework where differences between the entrepreneurs’ and firms background and international experience shed further light on entrepreneurial learning. By identifying different types of founders with various backgrounds, the chapter thus offers the possibility for future research on the need for learning and the learning styles according to the different categories of new ventures.

1 Introduction

Learning is crucial for organizations, constituting the basis of their development (Huber 1991). Knowledge and network ties play a major role because they provide firms going international with information about clients and markets (Sharma and Blomstermo 2003). Firms that operate in an international network may therefore enjoy a “learning advantage” and find going abroad less challenging than firms whose exchange partners are domestic firms (Sharma and Blomstermo 2003). Riddle and Brinkerhoff (2011) stresses that diasporans can be circular migrant entrepreneurs as they may return to the homeland to live for limited periods of time and/or maintain businesses in both the country of origin and the newly adopted country.

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They may act as entities that link together the country of origin and the country of settlement (Riddle and Brinkerhoff 2011, 671) as they often possess unique market and operational knowledge, transnational social ties, and identification with the homeland (Riddle et al. 2008), hence learning to make use of this knowledge becomes important to transnational new ventures.

Over the last two decades, several studies have focused on Born Globals or International New Ventures (INV), i.e. smaller, entrepreneurial firms that tend to adopt a global focus from the beginning and operate in international markets from the earliest day of their establishment (e.g. Knight and Cavusgil 1996; Madsen and Servais 1997; Moen and Servais 2002; Oviatt and McDougall 1994). Their competitive advantage comes from “close network alliances in multiple countries” (Oviatt and McDougall 1994, 60), that allow knowledge sharing and directly influence a firm’s internationalization (Harris and Wheeler 2005). The company Logitech for instance was established globally by two returnee entrepreneurs and an immigrant entrepreneur. The company had no natural domestic market, the product is thus not first marketed on a national market and then sold internationally. One of the success factors of the company is its ability to share knowledge across cultures and continents and learn from it (Jolly et al. 1992). The founders’ ability to communicate their global vision across cultural differences within the organization is crucial (Jolly et al. 1992), and can serve a better understanding of entrepreneurial learning in international business settings. While multiple factors play a role in this knowledge sharing, little information exists about the influence of the entrepreneurs’ migratory background and consequent international experience on the learning processes in international new ventures.

In order to investigate these learning processes, this chapter reviews extant research on how learning in international new ventures arises, with special emphasis on the founder’s previous experience and background—especially those of foreign heritage albeit not local entrepreneurs. After a brief review of existing literature about entrepreneurial learning in the international context, this chapter proposes a framework where differences between the entrepreneurs’ and firms background and their international experience shed further light on entrepreneurial learning. By identifying different types of founders with various backgrounds, the chapter thus offers the possibility for future research on the need for learning and the learning styles according to the different categories of new ventures.

2 Internationalization and Learning

The heart and soul in International Business and research on firms’ internationalization is learning, and how to overcome the potential liability of foreignness, that is, the lack of knowledge firms that intend to go abroad suffer about how to conduct a business in foreign markets. The Uppsala Model deals with this problem of knowledge acquisition and learning, studying how business organizations learn and how their learning affects their investment behaviour (Johanson and Vahlne 1977, 2009).

It results that “because of the tacit character of market knowledge, its main source becomes the firm itself through experimental learning” (Johanson and Vahlne 1990, 12). Hence getting knowledge of foreign markets is firstly a question of being active in those markets rather than collecting and analysing information. In a sense, the firm is thus more driven by effectuation, the choosing of which effect they aim for given a set of means (Sarasvathy 2001, 2008). By being active in those markets, the firm not only acquires information about foreign markets, but also becomes closely committed to those markets in such a way that it is difficult for the firm to retract from the markets and use resources elsewhere. Secondly, firms need to make decisions and implementations about foreign investments in an incremental fashion due to market uncertainty. Thereby, ‘learning by doing’ becomes the basic logic of stepwise commitment to foreign markets during the management learning process (Johanson and Vahlne 1977). Thirdly, the transferability of knowledge between contexts is difficult as it is specific to an individual (Johanson and Vahlne 1977). Problems and opportunities will thus arise in particular for managers and employees active within the market in question, sales people or purchasers often being the first ones to identify them. For them, the adaptation and extension of the present operations will be the natural solution to a problem or the reaction to an opportunity (Johanson and Vahlne 1977). Therefore, “experience generates business opportunities and is supposed to work as a driving force in the internationalization process (Johanson and Vahlne 1990, 11).

Forsgren (2002) questions the generalizability of the learning process, arguing that the Uppsala Model employs a reactive rather than proactive perspective of experiential learning that is acquiring more knowledge about the already identified solutions, while proactive learning focuses on the search for new solutions, hence being more risk seeking and entrepreneurial. Forsgren (2002) further acknowledge that by taking ‘grafting’ into account (Huber 1991) e.g. by acquiring other units that already possess the necessary market knowledge, the internationalization process will have another appearance, where “the high degree of foreign acquisition in firms’ internationalization behaviour is often motivated by the need for market-specific knowledge, often manifested by the networks of customers controlled by the acquired firm” (Forsgren 2002, 263). Hence neither the risk-taking nature of manager’s behaviour nor the speed of the process is fully explained by the Uppsala Model. There are several examples of learning from other organizations where the learning is done through the existing business relationships. It has been shown that access to a network of business relationships creates the opportunity to learn from other firms (Andersson et al. 2001). Market-specific and somewhat tacit knowledge can be acquired through the interaction with other organizations, which means that the characterization of internationalization as a slow process may not always hold true. However the Uppsala Model also reveals that one extremely important, underlying assumption is the crucial role of the people who are involved in the foreign operations. Especially in the context of newly founded firms it is their learning and their decision-making that drives the internationalization process, and not a headquarters or some other group in the firm. In this chapter, we adopt this perspective focused on the individuals involved in foreign operations, specifically the founder’s role, as we will explain below.

3 Learning in International New Ventures

In contrast to the traditional view of learning in the Uppsala theory learning and knowledge building in International new ventures research takes a different approach. Much of the interest departs in work of Knight and Cavusgil (2005) and Knight et al. (2004), who examine the entrepreneurial capabilities that International new ventures leverage for achieving performance in international markets. Specifically, they found evidence for entrepreneurial and marketing orientations for developing technological competence, innovative products and quality, which in turn lead to improved international performance. However Zhou (2007) underlines that this is more about innovative organizational capabilities that enables international new ventures to develop unique products and technology-based competitive advantages rather than creating a new market knowledge base for born global firms. Zhou (2007) uses Matsuno et al.'s (2002) framework of entrepreneurial learning to research "born globalness" viewed as a firm's predisposition to the three underlying dimensions; innovativeness, risk taking and proactiveness, which is expected to affect the level of market knowledge. Zhou (2007) highlights the acquisition of knowledge through market scanning and information utilization, whereas the risk taking dimension provides a base of knowledge from "trial and error". Proactiveness, referred to as a forward-looking perspective, is the tendency of taking initiative to anticipate rising opportunities in the marketplace, results in an increased level of market knowledge by pursuing new market opportunities (Matsuno et al. 2002).

Beyond entrepreneurial capabilities, two levels of learning coexist: individual learning and organizational learning, existing research studying the necessary conditions for knowledge acquired by the individuals of an organization to be transformed into new, organizational knowledge (Casillas et al. 2009). Elaborating on the dilemma of learning of internationalization process theory and International Entrepreneurship using the work by Cohen and Levinthal (1990), Casillas et al. (2009) propose a model that links the process of generating, absorbing, disseminating and applying knowledge to the internationalization decisions e.g. how to launch into new foreign markets, which country to choose and at what speed to enter that market. More concretely, Casillas et al. (2009) focus on the (1) possession of previous knowledge; (2) decision and process of searching for new knowledge; (3) absorption of new knowledge and its combination with prior knowledge in order to forge new actions. What is of particular interest in their model is that a network approach suggests that individuals and organizations access knowledge via their interaction with other individuals and organizations. According to Casillas et al. (2007), firms belonging to international networks—through their relations with customers, suppliers, consultants, associations, etc.—will have access to knowledge that is relevant to their identifying opportunities abroad and therefore also their internationalization process.

Yet traditional internationalization process theory remains mostly silent about the process's start (Oviatt and McDougall 1994), "beyond noting that firms typically start the process as going concerns, often by reacting to unsolicited export orders" (Autio 2005, 11). This leads existing research to stress the resource "fungibility" and

the fact that both the internationalization process theories and the IE theory make “assumptions about the resource base on which the firms builds to create value” (Autio 2005, 14). In the internationalization process theories (Johanson and Vahlne 1990), the home base centralizes a firm’s resources (Autio 2005): “*The firm then uses these resources to generate the value-added outputs that can be exported and, eventually, manufactured in foreign locations. Hence this mode of internationalization resembles the ‘home-base leveraging’ mode of internationalization as defined by Kuemmerle (2002). All or most of the value-creating elements of the firm’s product or service offering are generated in the firm’s home market, and the international dimension of the firm’s activities is concerned mainly with the international diffusion of its offering: “his the firm does by discovering and subsequently satisfying customer needs in overseas markets”* (Autio 2005, 14). Autio therefore calls upon “a more detailed examination of the transferability, nature, and types of internationalization, experiences and competence that appears necessary in the context of international new ventures” (Autio 2005, 11). Furthermore the often-cited enabling effect of individual-level (pre-firm) internationalization experience for early and rapid internationalization (Oviatt and McDougall 2005), raises the question of “whether some types of pre-firm internationalization experience and competences are more amenable than others to supporting early internationalization. Do different firm and industry settings call for different types of initial endowment of internationalization experience? What are the relevant organizational and individual-level competences for internationalization?” (Autio 2005, 11). Beyond answering these questions, there remains however a need to look deeper into types of pre-firm internationalization experience and also the background of the founder (Autio and Fu 2015), a framework for which we propose in this chapter.

4 The Founders’ Experience and Background

Over the last two decades, international entrepreneurship (IE) research has increasingly moved from its early emphasis on international new ventures towards studying a wider variety of international entrepreneurial behaviours. One observation by (Rialp et al. 2005) was that international entrepreneurship research usually relies on a single theoretical framework, that of the Uppsala internationalization process models or other similar export stage (behavioural-oriented). One exception to this was Zahra and George (2002) that developed a theoretical model on international entrepreneurship. Their model connects the international entrepreneurship antecedents with several types of activities and outcomes, together with other strategic and environmental issues. In the same vein, Madsen and Servais (1997) looks at the founder (individual), the firm (organization) and the network (environment) as propensity variables to the international new venture. Building on pre-export behaviour theories (Caughey and

Chetty 1994), they stress that it is important to explore the history of founder even beyond the establishment of the firm.

Firms like INVs may be started by young and industry unexperienced entrepreneurs or by very industry experienced persons. Often, these persons have extensive international experience (including a personal network) and do not perceive their native country as the nucleus of their lives. Madsen and Servais (1997) questions whether international experience is a necessary condition for their international expansion, but may nonetheless create the motivation and ambition to become INV, among others because it changes the perception of distance to other countries. Indeed, Jones and Casulli (2014) found that many of the individual factors influences on internationalization is connected to the founders personal experience and despite of a growing attention to experience in IE. In a study of how young technology firms from Germany learn about foreign markets when venturing abroad for the very first time, Schwens and Kabst (2011) draws on learning theory to test the performance of the INVs. Their empirical results show that “prior foreign market analysis leads firms to postpone the first international entry, but network learning and imitation lead to earlier international venturing. Further, our results show that the earlier technology firms venture enter into foreign markets, the higher the foreign-venture performance of the firm” (Schwens and Kabst 2011, 308). This finding underlines the importance of network ties as also indicated by Sharma and Blomstermo (2003).

De Clercq et al. (2012, p. 143) summarizes the achievements on learning aspects as “an evaluative overview of international entrepreneurship literature, in which the issues of learning and knowledge feature as central components underlying the causes, processes, and outcomes of early internationalization”. They conduct the literature review according to a sequential continuum: (a) when and why do ventures engage in first foreign entry? (b) What are the processes of early internationalization? and (c) What are the performance outcomes of early internationalization? For each of these three phases they rely on Huber’s (1991) distinction of five knowledge acquisition (KA) types; (1) experiential learning, (2) vicarious learning, (3) searching, (4) grafting, and (5) congenital learning. In the following we will use this as a guiding framework for identifying future research opportunities using entrepreneurs’ migratory background.

4.1 Experimental Learning

Huber (1991) sees experiential learning as the most pervasive type of learning in organizations, and international experience is the central mechanism in driving the internationalization process models by Johanson and Vahlne’s (1977). However, the internationalization process framework does not predict early internationalization (Johanson and Vahlne 1990), and by definition, ventures cannot learn from direct international experiences before they operate internationally. However as stated earlier individuals might have experience from international activities elsewhere and in other organizations. Weerawardena et al. (2007) sparked an expanding interest in research

on learning and knowledge acquisition in the internationalization process (e.g. Fletcher and Harris 2012). Along with the suggestions by Forsgren (2002) these studies have shown that firms not necessarily need to learn from their own experience in the internationalization process as assumed by traditional models (e.g. Sharma and Blomstermo 2003; Johanson and Vahlne 1977). Instead research has shown that internationalizing firms may develop alternative strategies for acquisition of experiential knowledge. Yli-Renko and Clarysse (2010) found that inter-organizational learning from key partners’ fuel the internationalization of young firms. Fletcher and Harris (2012) found that small firms rely on recruitments as a source of internationalization knowledge for international expansion. Furthermore one should not exclude “learning-by-doing” theory (Anzai and Simon 1979) that is the processes that enable a firm to learn while engaged in solving a problem. It gives a firm an account of learning in a specific situation which can be used in internationalization purposes.

4.2 *Vicarious Learning*

Vicarious learning is learning that is derived from indirect sources such as hearing or observation, rather than direct, hands-on, instruction. Observational learning is likewise learning that occurs through observing the behaviour of others. It is a form of social learning which takes various forms, based on various processes. These concepts are used more specifically in certain psychological theories (e.g. Bandura 1977), but it appears to be that both concepts address the same basic phenomenon. According to De Clercq et al. (2012) only a few articles explicitly use the term “vicarious” (Fernhaber et al. 2009), many clearly indicate learning from observing others as a mechanism that influences early internationalization decisions, whether through imitation or working alongside others. The most common type of vicarious learning involved learning from network partners and a central argument could be that the presence or development of foreign contacts fuels opportunities for early internationalization (e.g., Casillas et al. 2009).

4.3 *Search*

De Clercq et al. (2012) highlight lack of attention to the search behaviour by entrepreneurs and they stresses that it might may be a simple assumption on the part of researchers that search implies a decision has already been made and therefore is not an interesting predictor of early internationalization. Chandra et al. (2009) found that ventures with an entrepreneurial orientation are more likely to internationalize early. In their conception, this entrepreneurial orientation includes innovativeness and openness to international opportunity but may not require deliberate search for such opportunities. They also showed that five ventures “discovered” international opportunities as a

precursor to early internationalization, but only two ventures deliberately searched for and found such international opportunities.

4.4 Congenital Learning

One of the most important difference between Johanson and Vahlne's (1977) classic internationalization process theory and McDougall and Oviatt's (1994, 2000) theory of international new ventures lies in their assumptions about the role of international experience of founders or managers prior to internationalization. In the former, all that matters to the internationalization process is the experiences of the venture after operations begin, whereas the latter posits that founders' prior background and experiences, even before the venture exists, have an effect on the timing and pace of internationalization. De Clercq et al. (2012) found several articles that argue that ventures whose managers have prior international experience are more likely to internationalize early than are those without such experience (Casillas et al. 2009; Johanson and Vahlne 2009; Oviatt and McDougall 2005; Weerawardena et al. 2007). The primary argument is that founders with prior international experience are more alert to international opportunities, more capable of assessing such opportunities, and more favourably disposed to pursuing such opportunities.

4.5 Grafting

De Clercq et al. (2012) points to a few studies that explores how grafting of external knowledge onto the venture e.g. through hiring outside personnel, can speed-up the pace of early internationalization. Loane et al. (2007) conclude from interviews that hiring new managers brings newer technical expertise, more knowledge of foreign markets, and better introductions to foreign business networks that promote more rapid expansion of the international scope of the venture than would otherwise be possible. From their case research on eight SMEs in Finland, Greece, Italy, and Norway, Gabrielsson et al. (2008) observe that hiring an export manager, especially from a country that a focal firm wishes to enter, ensures customer closeness and prompts more rapid commitment to that market.

As stated in the previous section, much of the research on international entrepreneurship has been focused on the "outgoing" new ventures, which is firm that are established in a country by entrepreneurs from the very same country and then embarks a rapid internationalization process. Peiris et al. (2012) critique the over-emphasis on entrepreneurial orientation in IE research and the ignored importance of the opportunity recognition aspect of the INV process. Also, they highlight the implicit limitation of the current IE research in primarily dealing with the entrepreneur and to a lesser extent with the firms that cross national border e.g. a new venture that moves from one country to another country shortly after the establishment and

continues its operations in this new country in order to better exploit the opportunities there.

5 Entrepreneurial Learning and Migratory Background

How does entrepreneurial learning develop when the origin of founder is not so closely related to the origin of firm and/or when the founder has spent significant amounts of time in a different country? We have previously demonstrated the benefits of jointly considering international entrepreneurship and immigrant entrepreneurship research (Emontspool and Servais 2017). To do so, we differentiate between “outgoing” and “incoming” entrepreneurs, respectively international and immigrant entrepreneurs, arguing that both concepts refer to cross-border entrepreneurial activity, which mostly differ in their directionality across borders. In a global world, such a differentiation might lose its validity given the diversity of founders’ and firms’ origins, and the complexity of their migrations (Demangeot et al. 2015). As an alternative, we propose contrasting cross-border entrepreneurial activities along the lines of the country of their location (country of residence vs Foreign Country) on the one hand and their focus on opportunity identification vs exploitation on the other (Emontspool and Servais 2017).

Continuing in the line of our previous argumentation, we consider three types of cross-border entrepreneurs (international, returnee and immigrant) as parallel yet mutually informative/informing case, where the study of entrepreneurial learning in one may lead to insights about the other. As illustrated in Table 1, we can identify two types of “incoming” entrepreneurs; entrepreneurs who have the same origin as the firm but who have a substantial international experience (returnee entrepreneurs; Drori et al. 2009) and entrepreneurs who have another origin as the origin of the firm due to immigration to a different country (immigrant entrepreneurs; Smans et al. 2014; Zolin and Schlosser 2013). In contrast, “outgoing” entrepreneurs, which are studied under the label of international entrepreneurship, are usually seen to possess the same national origin as the company they establish (Jones et al. 2011). Unlike the two other types of entrepreneurs, they however often possess a migratory

Table 1 Firm/founder differentiations

	International entrepreneurship	Returnee entrepreneurship	Immigrant entrepreneurship
Founder/firm origin	Entrepreneur and (new) firm have same origin	Entrepreneur and (new) firm have same origin	Entrepreneur and (new) firm have different origins
Migratory background	No	Yes	Yes
Experience (if existing)	Experience in country of origin	Experience in Foreign Country	Experience in country of origin (distinct from country of residence)

Table 2 Future research opportunities using entrepreneurs' migratory background

	International entrepreneur	Returnee entrepreneur	Immigrant entrepreneur
Founder/firm origin	Entrepreneur and (new) firm have same origin	Entrepreneur and (new) firm have same origin	Entrepreneur and (new) firm have different origins
Research question: How does entrepreneurial learning differ in cases where (1) firm and founder have the same origin or (2) firm and founder have different origins?			
Origin of innovation	Country of origin/residence	Foreign country	Country of origin
Research question: How does entrepreneurial learning take place when innovative ideas from the country of origin need to be translated into different contexts?			
Direction of business adaptation	Country of origin/residence → Foreign country	Foreign country → Country of origin/residence	Country of origin → Country of residence
Type of knowledge acquisition			
Experimental learning	Country of origin/residence → Foreign country	Foreign country → Country of origin/residence	Country of origin → Country of residence
Vicarious learning			
Search			
Congenital learning			
Grafting			
Research question: Which form of knowledge acquisition does entrepreneurs use when to adapt business practices from country of origin to foreign country and vice versa?			

background. If these three types of entrepreneurs have gained experience in business development, such experience can have been acquired either in the founder's country of origin, or in a foreign country. While the first case constitutes an advantage for business development in the local context, the second may provide a first expertise in cross-border business activity and thereby serve future cross-border business development.

Comparing three types of characteristics of the cross-border business development process (founder/firm origin, origin of innovation, direction of business adaptation), Table 2 summarises three avenues for future research in entrepreneurial learning.

When contrasting the situations in Table 2 whether founder and firm have a same national origin, we find that international and returnee entrepreneurs possess the same characteristics, but differ from immigrant entrepreneurs. To better understand the impact of the founder's background on cross-border business creation, future research should therefore compare the three cases. Given the differences between them regarding roots and international experience (Table 1), this comparison can answer the question of how entrepreneurial learning differs in cases where (1) firm and founder have the same origin or (2) firm and founder have different roots. Such insights may be beneficial for instance to evaluate the role of cultural capital gained

through education in a different country, as well as the challenges this lack of knowledge about the firm’s context of origin may represent. Future research might shed light on how knowledge acquisitions take place in the three different types of INV firms and which form (Experimental learning, Vicarious learning, Search, Congenital learning or Grafting) that are the most prevalent form of learning by International entrepreneurs, Returnee entrepreneurs and Immigrant entrepreneurs respectively.

Secondly, future research should investigate the influence of the source of innovation, its origin. As argued previously (Emontspool and Servais 2017), opportunity recognition as well as exploitation can take place in the country where the entrepreneur is established or in a foreign country. A novel product, service or business practice, discovered in either country of origin, of residence or a foreign country, may thereby serve as basis for cross-border business development. As an example reports Elo (2017) of a Cypriot new venture in Finland that became a multimillion business in ethnic food import, export and wholesale and which built on the capacity of the founder to learn, adapt and teach the Finns to prepare new foods.

Rendering this novel element prosperous across the borders might constitute a challenge in itself, requiring extensive learning on the side of the entrepreneur. Future research should therefore study how entrepreneurial learning takes place when innovative ideas from the country of origin need to be translated into different contexts. Such insights have potential applications in developing course offers for incoming entrepreneurs that enable them to better adapt to the local marketplace (Peñaloza and Gilly 1999).

Thirdly, opportunities for future research abound about the directionality of business adaptation across borders. Elo (2015) stresses highlights that diaspora knowledge is a well-recognized type of knowledge, which often has a central role in the interaction of diaspora communities. Diaspora knowledge relates not only to the immigrant effect and the different position of diasporans to view and perceive things, but also to issues related to cultural heritage and social mechanisms. Diaspora knowledge is being possessed, transferred, developed, and re-defined in various contexts of business and social life, and it can also become a kind of membership benefit within a certain context. Elo (2015) further gives examples of illustrating how diaspora knowledge disseminates innovation via entrepreneurial activity e.g. Influence the entrepreneurship as antecedents conveying information and knowledge. Such diaspora networks have similar characteristics and functions as business networks as they form channels and pools of knowledge and learning.

Differences in familiarity with the country of residence and the foreign country in which the business will be established (which may or may not be the entrepreneur’s current country of residence) have the potential to influence the business development process. The entrepreneur may therefore have to adapt the business accordingly. This has as consequence for entrepreneurial learning that further insights are needed about how entrepreneurs learn how to adapt business practices from country of origin to foreign country and vice versa. The answers to these questions can for instance enable entrepreneurs to evaluate the relevance of compensating for lacking

knowledge of the foreign context through education or collaboration with local partners.

6 Conclusion

This chapter has provided an overview of existing literature about learning in cross-border business development. It highlights the importance of further research concerning entrepreneurial learning in cross-border contexts. Arguing for research projects comparing outgoing and incoming entrepreneurs and their learning, the chapter proposes three directions for future research, which can contribute in advancing the subject of entrepreneurial learning. We hope that this perspective may serve as inspiration for entrepreneurs and academics alike. Building on the provided conceptual reflection to develop empirical studies regarding entrepreneurial learning, future research has the potential to refine and extend the proposed framework. A future research theme would most likely be centred on the motives for the movement of transnational entrepreneurs e.g. are they driven only by opportunities in the host country? Can the movement be enhanced by establishing favourable institutional settings? From various economic organizations the lack of mobility among entrepreneurs has been raised as an issue. For example, OECD (2012) has classified the lack of skilled immigration to Denmark as an impediment to entrepreneurship. Hence Danish Ministry of Business and Growth initiated the “LaunchPad” program to attract talented entrepreneurs with world class business ideas to Denmark with the intent of using Denmark as their launch pad into the European market while accelerating their business using the accelerator principles.

With the start-up of 30 international new ventures one might label the program as successful; however some of foreign entrepreneurs later in the progress reported some problems getting contacts to local firms. One interpretation of this is that new ventures need to be integrated into networks before launch and that cluster organization or similar might be more appropriate contact grounds than a random place to start the firm.

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Leveraging the Caribbean Diaspora for Development: The Role of Network Effects



Dillon Alleyne and Ikhalfani Solan

Abstract This paper argues that it is likely that skilled migration will continue to be encouraged by the OECD countries and developing countries like those of the Caribbean must seek to benefit from such migration. This paper builds on a formal model developed by Dos Santos and Postel-Vinay (J Popul Econ 16(1):161–175, 2003) assuming free migration from the Caribbean to countries abroad and examines the impact of diaspora network effects on future migration flows. Their model assumes that there is a sending and a receiving country for migrants and that the sending country has a lower level of development relative to the receiving country (possibly an advanced developing country). Because the receiving country is technologically advanced, migrants who locate there acquire advanced skills by participating in that economy. However because migrants continue to interact with the sending country, they can help to improve conditions there through a variety of interactions and this also affects the rate of emigration as the sending country becomes more developed. Dos Santos and Postel-Vinay (J Popul Econ 16(1):161–175, 2003) capture such effects through return migration. We add to this model the effect of diaspora networks as an additional mechanism and critical layer of interaction between sending and receiving country.

We conclude that diaspora network effects can help to stem the long run migration of highly skilled persons, by way of closing the technological gap between the Caribbean and a typically advanced migrant receiving economy, but this will depend on improving local conditions for those at home and those who may wish to return or collaborate through networks. If it is true that migrants do transfer advanced skills to their country of origin then returning migrants in the local labour market should be paid above what is received by local residents, a so called wage premium. We specified and tested an earnings function to determine if returning migrants, who are

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employed in the local labour market, receive such a premium. The results suggest that returning migrants in Jamaica do receive a premium of 15%. It is reasonable to infer that this may be due to their superior labour market skills.

1 Introduction

The impact of migration on the economic development of sending countries has again emerged as an important issue due to the significant outflow of educated emigrants from developed to developing countries. This is particularly the case for several Caribbean¹ member countries of the Caribbean Community and Common Market (CARICOM) that have had intense skilled migration to the OECD countries. (See Thomas-Hope 2002; Docquier and Marfouk 2006b).² It is important to note however, that among Caribbean countries, periods of significant migration have been associated with deteriorating economic conditions.³

Many Caribbean countries are island economies with relatively small populations (See Table 1). Table 2 shows rates of emigration in the range of over 80% for Jamaica, Haiti, Guyana and Grenada for individuals with post-secondary education⁴ (Docquier and Marfouk 2006a). These rates have remained persistent as is observed by Cansin et al. (2016) in Table A6 for Haiti and Jamaica.

In the 1970 and 1980s emphasis was on the “brain drain” or negative impact of migration on sending countries an implication of which was that ways had to be found to stop the flow of emigration or to compensate for such losses (Grubel and Scott 1966; Bhagwati and Hamada 1974; Miyagiwa 1991). The general argument was that the emigration of skilled individuals imposed costs on those left behind due to a lowering of the returns on capital and other services that were complements to labour. As a result, the decline in output was larger than what the emigrants would be paid. As Lucas (2001) points out however, even in this simple scenario some stayers can gain through lessening of competition with those left behind. At the same time the overall costs of migration should be modified to account for lack of opportunities

¹This paper focuses largely on the countries in the Caribbean Community and Common Market (CARICOM) which comprises 15 members, two of which, Haiti and Suriname are non-English speaking. The other members except Montserrat represent the independent states of the English-speaking Caribbean: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Suriname, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago. There are also five associate members which are Anguilla, Bermuda, British Virgin Islands the Cayman Islands and the Turks and Caicos islands.

²This must be related to the relatively small population size of these countries. For example, CARICOM has a population of just over 15.8 million with Haiti, Jamaica and Trinidad and Tobago accounting for a large percentage of the population.

³Alleyne (2017). *The Migration of Skilled Workers: How to optimise the benefits for sending and receiving countries?* (Unpublished).

⁴The selection rates which disaggregate the education level show the highest proportions of emigrants in the two highest education categories.

Table 1 Geographic size and population of selected Caribbean countries and per capita GDP

Country	Area		Population, 2016		GDP per capita, PPP, 2013 (current international \$)
	km ²	% of total	(000s)	% of total	
Antigua and Barbuda	442	0.07	93	0.23	20,999.00
The Bahamas	13,864	2.23	393	0.98	23,469.60
Barbados	431	0.07	285	0.71	15,870.50
Belize	22,966	3.69	367	0.92	8184.10
Cuba	110,992	17.85	11,393	28.45	20,645.90
Dominica	750	0.12	73	0.18	10,414.00
Dominican Republic	48,730	7.84	10,649	26.59	12,302.00
Grenada	345	0.06	107	0.27	11,656.20
Guyana	214,970	34.57	771	1.93	6889.30
Haiti	27,750	4.46	10,848	27.09	1686.30
Jamaica	10,991	1.77	2803	7.00	8725.80
St. Kitts/Nevis	269	0.04	56	0.14	22,696.90
St. Lucia	616	0.10	186	0.46	10,498.80
St. Vincent and the Grenadines	389	0.06	110	0.27	10,548.00
Suriname	163,270	26.25	548	1.37	16,273.90
Trinidad & Tobago	5128	0.82	1365	3.41	33,039.20
Total	621,903	100	40,047	100	145,172

Source: United Nations, Department of Economic and Social Affairs, Population Division (2015). World Population Prospects: The 2015 Revision; World Bank World Development Indicators Database

for some individuals in local labour markets and the stimulus to acquire training due to the prospects of migration.⁵

The evidence suggests that despite a significant wage premium paid for skilled workers in many Caribbean countries, this may not be enough to adjust for unstable incomes due to macroeconomic fluctuations and rising expectations by those who are most able to migrate.⁶ The question then is how countries can continue to benefit

⁵Significant outflows occurred in the 1980s under a period of structural adjustment and retrenchment of workers in the public sector in several Caribbean countries. Tied to this was the undermining of the public contribution to the national system of innovation and a decline in the manufacturing sector. In fact, Caribbean economies that have experienced low economic growth and high unemployment have also experience high rates of migration.

⁶The World Bank (2005, p. 146) reports that returns to university education was some 21% for Trinidad and Tobago, 22% for St Lucia, 10% for Guyana and Barbados, 15% for the Dominican Republic. For post-secondary education it ranges between 10% and 21%. Thomas-Hope (2002) suggests that the development of transnational family networks also explain the flow of migrants abroad.

Table 2 Rates of emigration from Caribbean to OECD member countries by level of education and the selection rate

	Rate of emigration (%)				Selection rate (%)			
	Low	Medium	High	Total	Low	Medium	High	Total
Antigua and Barbuda	9.5	64.3	66.8	37.6	12.6	39.1	48.3	100
Bahamas, The	2.6	10.4	61.3	12.0	9.9	37.7	52.4	100
Barbados	17.7	28.0	63.5	32.3	18.6	38.2	43.3	100
Cuba	5.1	10.1	28.7	10.5	20.9	40.6	38.6	100
Dominica	18.7	66.7	64.2	40.8	24.1	38.1	37.8	100
Dominican Republic	6.0	32.9	21.6	13.1	30.8	42.7	26.5	100
Grenada	24.6	71.1	85.1	53.7	20.7	38.4	40.9	100
Haiti	2.9	30.4	83.6	11.5	19.7	41.3	39.0	100
Jamaica	15.5	35.2	85.1	35.3	19.5	37.8	42.8	100
Saint Kitts and Nevis	32.3	42.5	78.5	49.4	20.1	35.5	44.4	100
Saint Lucia	12.1	21.2	71.1	23.1	23.7	39.5	36.8	100
Saint Vincent and the Grenadines	18.2	32.8	84.5	36.5	19.9	37.4	42.7	100
Trinidad and Tobago	7.7	21.7	79.3	25.2	12.8	36.2	51.0	100
Belize	7.3	58.2	65.5	29.0	15.1	43.5	41.3	100
Guyana	17.8	43.4	89.0	42.1	17.8	37.9	44.2	100
Suriname	39.0	73.8	47.9	47.4	51.3	30.4	18.4	100

Source: Frédéric Docquier and Abdeslam Marfouk, March 2005

from this migration process which for small states is considerable especially since governments spend a sizable share on education (Fig. 1).

The debate over the impact of skilled migration on economic development has been spurred on by the endogenous growth literature which argues that the presence of talented individuals creates positive externalities for stayers.⁷ Mishra (2006) has calculated the losses due to skilled migration relative to remittance inflows using a methodology which accounts for externalities of skilled emigrant workers. She concluded that for most Caribbean countries, such losses were significant. The analysis however, is static and fails to consider the fact that not all migrants are lost to the economy as many return with enhanced skills acquired elsewhere. There is also a vast network of unrecorded activity between migrants and their home country driven by business interests, future relocations plans and more generally circular forms of migration. Minto-Coy (2011), for example, has examined such relationships within the context of telecommunications-mediated diasporic engagement (TMDE).

In the recent literature there is an alternative view that the prospect of migration stimulates individuals to invest in education and training which in turn raises the

⁷These spillover effects increase with the greater concentration of skilled individuals. James (2006) and Ricketts (2007) have found significant social returns to education in examining the labour market in Jamaica.

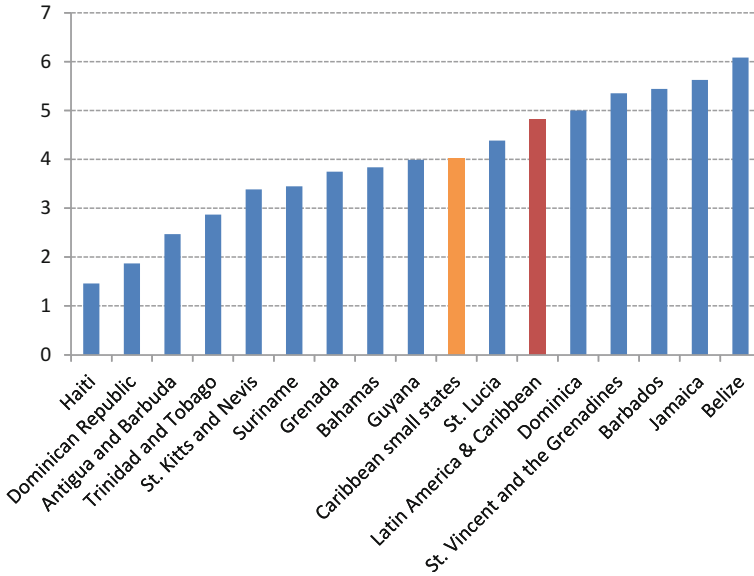


Fig. 1 Average education expenditure, 2005–2012 (percent of GNI). Source: World Bank, World Development Indicators Database

level of local skills (Clemens 2007). Others argue however, that there might be some threshold level of migration that is beneficial but beyond that the impact may be harmful since the sending country would be losing skills at a rate beyond which it can replenish⁸ (Schiff 2006; Stark 2002). The loss of trained nurses and the significant outflow of trained teachers over time does raise concern about the negative impact of migration on the performance of the health and education sectors, however as ECLAC (2006) shows, some of these factors arise from challenges in the domestic economy. Nurse (2004) points out that some Caribbean countries are filling some gaps in the health sector by way of recruiting Cuban health professionals a phenomenon which has been in practice for some years.

Periods of intense emigration in the Caribbean tend to occur when local conditions of work and returns to labour deteriorate significantly,⁹ thus the need to create better local conditions to retain well qualified individuals cannot be underestimated.¹⁰ But there are other factors such as the role of transnational family relationships, circular migration and the fact that expectations of trained individuals are usually high. Thus, bilateral policies to help finance local training and explicit arrangements to benefit

⁸In the case of Guyana there is no doubt that the intensity of migration has impacted negatively on the quality of governance and economic policy making in general since many older and experienced individuals have left both the private and public sectors due to migration.

⁹Alleyne (2017) shows that there is a negative correlation between percapita real income and migration in the Caribbean.

¹⁰This is reinforced when the policies of receiving countries favor immigration.

from the stock of extra-regional migrants that have formed diaspora communities are essential not just as a response to migration but as part of a development strategy. The aim of such a strategy can be to upgrade local skills and expertise and raise the level of domestic capital in the migrant sending economy.¹¹

In line with this approach, greater emphasis needs to be placed on ways to leverage the diaspora which constitutes a reservoir of skills, expertise and financial resources (Marks 2004; Seguin et al. 2006). The so-called diaspora option it is argued has to be pursued within the framework of local skills creation, institution building and maintenance in order to benefit from diaspora network effects (Riddle et al. 2010; Minto-Coy 2016a; Täube et al. 2013; Brinkerhoff 2016). The paper is divided into six sections. Section 2 discusses network effects; Sect. 3 examines relevant theoretical models of migration and development; Sect. 4 develops the model of migration and network effects while Sect. 5 develops a number of simulations and carries out a preliminary test of the impact of return migration on earnings. Section 6 concludes.

2 What Are Network Effects?

Networks are defined as a regular set of contacts or similar connections among individual actors or groups and networks of highly skilled expatriates are often called expatriate knowledge networks. Such networks can become an important means of leveraging the skills, financial resource and reputation of skilled migrants through connections between expatriates and their countries of origin. Most networks have a data base to store members' data and also serve as a place where members can look for potential partners in their area of expertise and location. New forms of network arrangements and activities are also emerging in relation to product exports from the home country to diaspora communities (Minto-Coy 2016b). These diaspora networks help to promote and diffuse products faster than the traditional approaches to entering new markets (Elo et al. 2017). This paper advances the argument that diaspora network effects can assist in raising the level of domestic capital, through knowledge exchange flowing from purposeful interaction between network members¹² and their countries of origin.

¹¹Domestic capital is defined as the means of production created within a society (James 2006). This includes supporting institutions (for example education financial and technical) that expand the production capabilities of Caribbean society. This is differentiated from imported equipment and tools which represent capital created elsewhere.

¹²Meyer and Brown (1999) have identified several types of networks and these are, Student/Scholar networks, Local associations of skilled expatriates, the transfer of knowledge through expatriate programs (TOKEN) and developing intellectual/scientific diaspora networks.

Meyer and Brown (1999) in their study of some 41 networks found that not all networks were wholly confined to expatriates nationals and in addition members of networks were widely dispersed in terms of where they were located.¹³

A great deal of emphasis has been placed on highlighting scientific and business diaspora networks which seems to be influenced by the Asian-American and Indian experiences. In the Asian-American example, it was shown that the success of Taiwan's information technology sector in the 1980s and 1990s could be attributed to those communities linking the economies of Silicon Valley and Hsinchu Park (Saxenian 1999a, b). Meyer and Brown (1999) have done a study of scientific Diaspora Knowledge Networks (DGNs) and again these are examples of S&T communities developed by expatriate scientists through professional contacts, conferences and seminars and to their knowledge sharing strategies with counterparts in the sending country. According to Meyer et al. (2001) such networks have conceptually subverted the traditional "brain drain" migration outflow into a "brain gain" skills circulation as they convert the loss of human resources into a remote, although accessible asset of expanded networks. This shifted the usual thinking about knowledge through returnees in a human capital approach (return option) to a connectionist approach where social capital, including technical and institutional links become important (Meyer 2001).

It is unclear whether these specific examples can be replicated in other countries, but the types of diaspora communities that emerge may reflect the needs of the countries of origin.¹⁴ Thus Brown (2002) reports that while most diasporas operate in the field of science and technology, the South African Network of Skills Abroad (SANSA) and the Philippines Brain Gain Network (BGN) are multidisciplinary.¹⁵ The publications by Kuznetsov (2006) and Solimano (2008) have explored complex ways in which countries have benefited from the talent of emigrants through a variety of country experiences. The literature suggests that formal network arrangements require a platform through which interaction can occur and often public policy in the home country can help to facilitate networks and provide the incentives in priority sectors allowing opportunities for interaction and engagement.

Meyer and Brown report that all the networks had some connection to a government institution and that some level of institutional support is necessary to generate action and concrete activities so that the objectives of the networks can be met.

¹³Seguin et al. (2006) have pointed out that while skilled immigrants play a crucial role in fostering innovation and progress in developed countries their role in contributing to their own countries of origin is less understood.

¹⁴As an example, professional groups can assist in improving medical and other services by being offered sabbaticals in their home country. There are also opportunities to provide consultative services, technology know-how through licensing agreements, the mentoring of startup business managers and the pursuing of joint business ventures.

¹⁵Other well-known networks are the Chinese Scholars Abroad (CHISA), the Colombian network of scientists and research professionals (Red Caldas) and the Arab Scientists Technologists Abroad (ASTA).

Clearly it would be difficult for networks to be effective in a hostile environment in which the home government is unresponsive.

Among Caribbean member states there has been a great deal more emphasis on developing arrangements to facilitate the easy entry of members of the diaspora who wish to return permanently. Most of the countries have a department to help facilitate the entry of returning migrants through their Ministry of Foreign Affairs and Foreign Trade or through Customs. Jamaica has the Returning Residents Facilitation Unit and as early as 1993 there was the development of a Returning Residents Charter. In 1996 Barbados established the Facilitation Unit for returning nationals within the Ministry of Foreign Affairs. Guyana has a similar unit and they, apart from processing applications from returning residents, provide information on duty free importation for household and other personal effects with stipulations. St. Kitts and Nevis has a secretariat for returning nationals. This may be a limited strategy however, since many migrants may prefer the flexibility of movement back and forth between sending and receiving countries.

In recent years the role of the diaspora in national development has been a prominent feature of national discussion.¹⁶ Several conferences and engagements have emerged including a regional conference on the diaspora, however, much of the early activity took place through the Ministries of foreign affairs.¹⁷ To date there has been a broader national approach to embrace the important Ministries of health, labour or the higher education institutions.¹⁸

The experience among Caribbean countries has so far been mixed in relation to integrating the role of the diaspora in development. There is some evidence that there are developing networks in the Caribbean many of which focus largely on philanthropic assistance and respond in instances of natural disasters.¹⁹ The countries that have significant diasporas have sought to engage them in a variety of ways. For example, in 2001 several members of the diaspora in Dominica met in New York for

¹⁶Caribbean countries exhibit different levels of awareness of the diaspora. As early as 1995 Haiti established a Ministry of Diaspora Affairs. The Dominican Republic has a General Migration Division and publishes monthly migration data. Antigua has a Diaspora Bureau and St Kitts and Nevis has a Secretariat for Returning Nationals. St Vincent and the Grenadines has allowed its diaspora to participate in the local National Insurance Scheme.

¹⁷In 2007, the “Caribbean Conference on the Diaspora: A 2020 Vision” marked the beginning of a regional effort to address the diaspora’s role in regional development and to discuss how regional action could address the flow of skills out of the Caribbean.

¹⁸Interestingly while the CSME has emerged as a response to meeting the challenges set out above, at the moment there is only limited movement of persons with certain skills but no attempt to embrace the movement of the diaspora regionally. Most of the initiatives have been at the national level and this may reflect different perceptions of the importance of the diaspora to national development (Michael Reis 2007).

¹⁹The Caribbean diaspora has been active in sending remittances. They have also assisted at times of natural disasters and in rendering philanthropic assistance through hometown associations and associations of nurses and doctors. In a study of such associations for Guyana, Orozco (2004) noted that there were about 200 such associations.

the first “Dominica Diaspora in Development” (DAAS) conference. Two years later another conference was held in Dominica. This came on the heels of the setting up of the DAAS Dominica Academy of Arts and Sciences and a skills directory, plus an on line magazine. The Regional Integration and Diaspora Unit of the Office of the Prime Minister, in collaboration with the Ministry of Employment, Trade, Industry and Diaspora in 2013 hosted the second Dominica Diaspora Entrepreneurship Forum. One of the main objectives of this forum is to encourage overseas based nationals to invest locally in priority areas.

Haiti launched in 2016, the [Diaspora Challenge Initiative](#) aims at leveraging ideas about potential development concepts among members of the Haitian Diaspora looking for opportunities to contribute to Haiti’s development. The initiative is carried out by The [National Alliance for the Advancement of Haitian Professionals \(NAAHP\)](#) in collaboration with the EDEM Foundation, GRAHN-USA, and the Society for Haitian Research. This is funded by United States Agency for International Development (USAID), and is part of the broader [Leveraging Effective Application of Direct Investments program \(LEAD\)](#) implemented by the Pan American Development Foundation (PADF).

Countries such as Jamaica and Guyana have made significant efforts to engage with their diasporas (Minto-Coy and Elo 2017).

Jamaica has set up the Diaspora and Consular Affairs Department in the Ministry of Foreign Affairs which meets every 6 months and this resulted in the first biennial conference on the diaspora in 2004, with the third held in 2008. An outcome of the conference was the creation of a national diaspora website, the designation of June 16th as National Diaspora day and the creation of a national Diaspora Advisory Board and later a Foundation. The Jamaica Diaspora Foundation is housed at the Mona School of Business on the UWI campus and functions as a research institute and a coordinating center for diaspora resources. This foundation will maintain nonprofit non-government status. Since then there have been four other conferences with the latest in 2017.

Guyana has pursued a similar focus with the so called “presidential summit” on private sector development held in 2006 in Guyana, in which the role of the diaspora was highlighted. Some of the concrete programs to be pursued were the development of development of joint business councils between local and diaspora business community, the mobilisation of professional associations and the establishment of a joint public and private sector committee to explore links with the diaspora. The emphasis was also on trust which looms large in a multi-racial society. In 2017 another major conference was held in Georgetown, sponsored by the University of Guyana, to engage the diaspora. The conference covered a range of issues including diaspora investment and there was a commitment from the University of Guyana to set up a Diaspora Engagement Centre.²⁰

²⁰Some of the objectives of the Centre including a data bank was an objective of the 2006 conference.

The other extreme is Trinidad and Tobago which is a petroleum based economy that has experienced the most robust growth in the region and has a relatively large diaspora.²¹ However, Trinidad and Tobago has encouraged immigration to meet the demand for critical skills and there is no explicit diaspora policy.²²

The renewed enthusiasm in the region towards the diaspora must be tempered by first consideration of what the diaspora can deliver and secondly what changes are necessary to augment such engagement. It is also important to recognize that there are vast networks of informal relationships, driven by familial, religious, business and other ties, which help to deliver goods, services and investment to the Caribbean but are usually not properly addressed through official channels. Indianna Minto-Coy (2016a) has posited the case of networks which help to establish local businesses abroad and cite the case of the Jamaica National Building Society that offers financial services to local communities abroad. While this is not the central focus of this presentation the role of networks in this regard can be very powerful for developing local firms export capacity. The next section examines how the formal literature treats the benefits of migration and proposes an approach that incorporates diaspora network effects.

3 The Review of the Formal Migration Modelling Literature

This paper presents a formal model that shows how diaspora network effects can raise the level of domestic capital. While in the literature emphasis is placed on ‘scientific diaspora’, we argue that scientific communities offer only one aspect of knowledge transfer. For this reason we employ the concept of ‘network effects’ as the transmission mechanism for ideas, entrepreneurship, information and resource transfer to the domestic economy. Strong networks help to create greater opportunities for such transfers and in our analysis, we assume that network effects are a quasi-public good that could be strengthened by complementary local and regional policies.²³ The paper does not follow the technology diffusion literature along the lines developed by Lodigiani (2008), rather the emphasis is on how network effects help to build domestic capital and what are the effects on migration. We also differ from the work of Stark et al. (1997), Dustmann and Weiss (2007) and Dos Santos and Postel-Vinay (2003) who attempt to deal with improving local domestic capital

²¹According to Michael Reis (2007) some 300,000 migrated between 1945 and 1990.

²²Trinidad and Tobago has also made tertiary education relatively free in order to generate the required skills and has developed many technical institutions to meet the needs of the booming petroleum sector.

²³Examples of how strong network arrangements can be effective are the coordination of special bond issues for infrastructural projects, the coordination of efforts with international donor agencies to use experts of domestic origin in place of foreign consultants to reduce costs in domestic development and strengthening ties with home communities where this is possible.

through return migration. We argue that return migration is just a special case of a much broader set of benefits that can accrue from migration if account is taken of network effects.

Stark et al. (1997) sets out a two period model in which there are two sets of migrants, those that have low skill levels and those that are highly skilled. Migrants discount foreign income and employers abroad through screening mechanisms take some time to distinguish between the two groups so both types of individuals receive the same average rewards initially. However, over time the potential of both groups is discovered and low skilled workers are paid less than high skilled workers. High skilled workers will remain abroad if the discounted wage in the second period is greater than wages at home. Stark assumed that low skilled workers will return and augment local domestic capital but are the worst of the best in terms of skill levels. In effect, they have not done well abroad. The reason is that the average wage of low skilled workers abroad may be lower than the expected returns in the home country and this prompts return. This is a highly restrictive assumption since low skilled workers may have multiple jobs and in some cases may still be better off²⁴ relatively to having less than full employment in their country of origin.

Dustmann and Weiss (2007) pursue a different line of enquiry. In their model migrants have a taste for local consumption and thus the location of consumption is important. At a certain point the migrant may return to the sending country because the migrant can consume more locally where the migrant has a higher marginal utility in the home country and consumption costs less. Dustmann and Weiss (2007) thus introduce an additional basis for return migration which again helps to augment local domestic capital.

They further introduced heterogeneity of skills into the analysis to show that some migrants may have skills more appropriate to their country of origin and thus return to deploy those skills there and receive higher returns than in the receiving country.²⁵

Dos Santos and Postel-Vinay (2003) also developed a model of temporary migration as a means of improving the domestic capital base (the technology gap) between sending and receiving country. Temporary migrants help to improve local domestic capital and raise the returns to labour. One prediction of the model is that as the technology gap between sending and receiving countries closes, the share of permanent migrants in the population should decline. We argue that the emphasis on return migration is just one consideration in small economies with limited capacity to absorb the range of skills which migrants may have. Such models also fail to exploit the myriad ways in which migrants can engage the local economy to transfer skills.²⁶

²⁴Such a restriction can be relaxed in subsequent analysis.

²⁵Interestingly, they also account for remigration of individuals who may return to the local economy.

²⁶At the level of investment there could be joint ventures between migrants abroad and local partners without the issue to return migration being the trigger. In addition, scientific collaboration can be pursued successfully without the trigger of return migration. Migrants abroad can also lobby for home country benefits in their own jurisdictions and they can be important as reputation

This paper modifies the Dos Santos and Postel-Vinay (2003) framework to account for diaspora network effects and shows that their result represents a special case, thus only the key features of the model are identified. More importantly, while there is a rich literature discussing the importance and impact of network effects (Tung 2008; Kuznetsov 2006; Kuznetsov and Sabel 2006; Solimano 2008) to sending countries, this paper adds to that literature by examining, within a formal modeling framework, its long term effects on various forms of migration.

4 Theoretical Model

We assume a two-country model labeled by S and U representing the sending and receiving country respectively, with the usual assumption of an overlapping generation of two period lived individuals.²⁷ Production is a function of two inputs, an amount of labour L and an amount of specific stock of knowledge that will be referred to as domestic capital. The stock of domestic capital available at time t in the receiving country $U(R)$ is denoted as $u_t(r_t)$ and the output is simply the stock of knowledge raised by the amount of labour.

We make the assumption as is common in the catch up and convergence literature that country U is more advanced than country S. We follow Dos Santos and Postel-Vinay (2003) and assume that if both countries are in autarchy then country S remains at some initial level \bar{s} while country U growth at the rate $r_{t+1}/r_t = 1 + g$ where g is exogenous. To simplify the analysis the sending country is assumed to have no growth effects of its own initially.²⁸

In terms of preferences, it is assumed that agents have identical preferences which are independent of their country of origin and that there is no transference of wealth over time, thus as in Dos Santos and Postel-Vinay Eq. (1) current consumption is equal to current income.

In terms of migration choices, individuals can remain at home, or migrate. If they migrate then they improve their stock of knowledge due to being in an advanced society with a higher stock of public knowledge and opportunities for training.²⁹ The idea is that there is knowledge gathered through learning by doing and that

intermediaries in the development of trade relations. These multiple means of engagement presumes that there are webs of networks either for communication or collaboration which can be organized.

²⁷The model assumes that sending country individuals are endowed with a unit of labour $L = 1$ and that preferences are identical and independent of country of origin. It is also assumed that there is no discounting of future income so current consumption is equal current income. The utility function is this $U(c_1, c_2) = \ln c_1 + \ln c_2$ (Dos Santos and Postel-Vinay 2003).

²⁸This assumption though unrealistic would imply that if local growth effect were complementary with network effects the gap between developed and developing country should close faster which means that creating an enabling environment is important.

²⁹In some cases migrants skills and expertise are undervalued due to lack of mechanisms to properly evaluate their training received in their home country.

knowledge acquired is an increasing function of the technology gap between the two countries as defined by r_t and s_t . Thus, there are no more effects if the technology gap is closed; that is there are no more knowledge effects if the developing country overtakes the developed country over time. Thus, the migrant's labour endowment is augmented by $1 + h(s/r)$ with $h(\cdot) \leq 0$, and $h(s/r) = 0$ whenever $s/r \geq 1$.

Dos Santos and Postel-Vinay (2003) introduce the idea of immigration costs c through the term $(1 - e^j)c$ which says that if expected incomes were the same in both countries would be migrants would remain at home. Another interpretation is that e^j is a learning ability or the length of time a migrant spent learning abroad. Thus it may reflect the quality of the migrant in terms of learning ability and thus a propensity to migrate. Implicit in this interpretation is that the most able migrants leave first and the least able return which is not necessarily the case.³⁰

We define N_t as the network effect which can be augmented through explicit policies and arrangements for collaboration between migrants abroad and individuals and groups in the home country. N_t is assumed to be a positive function of the technology gap and for the moment bounds are not placed on N_t . The implication is that learning effects can occur even without return migration.³¹ We will show that when we include network effects, return migration as the source of knowledge diffusion is a special case of a much more general relationship between individuals in the home country and migrants abroad.

4.1 The Choice of Migration

Given the choice of migration individuals can remain at home in country S in both periods (sedentary individuals) with utility $\ln N_t s_t$, $\ln N_{t+1} s_{t+1}$. Those who remain however are affected positively by network effects N_t depending on the strength and nature of the effects. Alternatively, agents can migrate in the first period and return in the second or alternatively, migrate permanently in either of the two periods. Thus, the instantaneous utility of a second period migrant is $\ln[(1 - e^j) \cdot r_{t+1}]$ while that of a temporary migrant is $\ln[(1 + h(w_t)) \cdot N_t s_t]$ and that of a permanent migrant is $\ln[(1 - e^j) \cdot (1 + h(w_t)) \cdot r_t]$, where $w_t = s_t/r_t$ the inverse of the technological gap.

These conditions on preference and technology now allow for the setting out of the lifetime utility of individuals. Thus Eqs. (1–4) set out the lifetime utility of sedentary individuals (those that do not migrate), second period migrants, temporary migrants and permanent migrants.

³⁰John Small (2006) point out that in the Caribbean context, there are many reasons why migrants return. Among the reasons are those who have retired, some who have failed, those who desire to contribute to development, some who have achieved their objective abroad and those who are multiple returnees as part of circular migration.

³¹The way N_t is modeled, in this study, the effect only flows from developed to developing country, however this need not be the case as it could be bidirectional and endogenous.

For persons who do not migrate, sedentary individuals (SI), the utility at t is

$$U_t^{SI}(e^i) = \ln N_t s_t + \ln N_{t+1} s_{t+1} \quad (1)$$

While the utility of the second period migrant (O) is

$$U_t^O(e^i) = \ln N_t s_t + \ln [(\mathbf{1} - e^i) \cdot r_{t+1}] \quad (2)$$

And that of a temporary migrant is

$$U_t^T(e^i) = \ln [(1 - e^i) \cdot r_t] + \ln [(1 + h(w_t)) N_{t+1} s_{t+1}] \quad (3)$$

Finally, the utility of a permanent migrant is

$$U_t^P(e^i) = \ln [(\mathbf{1} - e^i) \cdot r_t] + \ln [(\mathbf{1} - e^i) \cdot (\mathbf{1} + h(w_t)) r_{t+1}] \quad (4)$$

Of the equations set out above only Eq. (4) for permanent migrants is similar to that of Dos Santos and Postel-Vinay (2003), all the others have been augmented by the network effects. Where individuals finally reside will depend on a comparison of the choices above and points of indifference taken pair wise.

The cutoff types can be defined below as follows:

Sedentary individuals SI and temporary migrants:

$$U_t^{SI} = U_t^T(e_t^{SIT}) \Leftrightarrow e_t^{SIT} = \mathbf{1} - \frac{w_t N_t}{\mathbf{1} + h(w_t)} \quad (5)$$

Temporary permanent migration:

$$U_t^T(e_{t+1}^{TP}) = U_t^P(e_{t+1}^{TP}) \Leftrightarrow e_{t+1}^{TP} = \mathbf{1} - N_{t+1} w_{t+1} \quad (6)$$

Sedentariness and second period migration:

$$U_t^{SS} = U_t^O(e_{t+1}^{SSO}) \Leftrightarrow e_{t+1}^{SSO} = \mathbf{1} - N_{t+1} w_{t+1} \quad (7)$$

And finally, second period and permanent migration:

$$U_t^{SP} = U_t^P(e_t^{SP}) \Leftrightarrow e_t^{SP} = \mathbf{1} - \sqrt{\frac{w_t N_t w_{t+1} N_{t+1}}{\mathbf{1} + h(w_t)}} \quad (8)$$

In each instance, the points of indifference have been augmented by the network effects. In addition, the threshold values depend on the income gap and the network effect and thus may change over time in response to both.

The results in Eqs. (5)–(7) are interesting since by augmenting the respective values by the network effects the migration propensities are much smaller than in the original values without the network. These equations are the threshold types of agents and show the indifference between different types of choices.

Comparing the various turning points the most interesting result occurs when $\mathbf{1} + h(w_t) > w_t/w_{t+1}$. Under these conditions within the interval $[0, 1]$ there are several rankings of migration states. For example when “P>T>SI”, this means that agents within the interval $[0, e_t^{TP}]$ prefer permanent over temporary and sedentary migration. Temporary migrants fall within the interval $e_t^{SIT} - e_{t+1}^{TP}$ and finally agents in the interval $\mathbf{1} - e_t^{SIT}$ or those having the lowest propensity to migrate will be sedentary. While it is probably true that migrants with high learning abilities might have a higher propensity to migrate relative to others, the network effect implies that local skills may be raised through networks and in addition migration propensities may be lowered.

4.2 Knowledge Spillovers and Networks

We argue that knowledge spillovers occur as a result of multiple processes of which return migration is just a special case in the migratory process. Information technologies allow information flows and learning by doing can take place even without significant flows of return migration. The argument here is that N_t captures these additional effects. Under the conditions of the model, N_t is assumed to be bounded such that $\mathbf{1} \leq N_t \leq \frac{S_t}{r_t}$.

The process of knowledge diffusion assumes that next period knowledge stock is equal to the current period percapita output and thus additional output is attributed to return migration and network effects. This is not the only way to write this relationship but to maintain comparison with Dos Santos and Postel-Vinay (2003) we employ a similar setup as follows:

$$r_{t+1} = r_t \cdot \frac{N_t \{ (\mathbf{1} - e_t^{SIT}) + (\mathbf{1} - e_{t-1}^{SIT}) \} + [\mathbf{1} + h(w_{t-1})] \cdot (e_{t-1}^{SIP} - e_t^{TP})}{(\mathbf{1} - e_t^{SIT}) + (\mathbf{1} - e_t^{TP})} \tag{9}$$

In the long run when the variables are growing at the same rate the steady state equation can be shown to be as follows: (This is derived in Appendix)

$$g = \frac{2(N - 1) + h(w)^2}{2 + h(w)} \tag{10}$$

When $N = 1$ the results by Dos Santos and Postel-Vinay (2003) are a special case and when $N > 1$ network effects become very important as N can be large. The solution to Eq. (10) is a quadratic equation which solves for $h(\tilde{w}) = \frac{1}{2} \left(g + \sqrt{g^2 + 8(g - (N - 1))} \right)$, where $g > N - 1$ by assumption.³² If this condition holds then the function is maximized at a higher point relative to an

³²The issue of model stability is not investigated.

economy relying wholly on return migration for knowledge spillovers under which $N = 1$. Under the long run condition \tilde{w} , the technology gap is a declining function of the growth rate of g , thus there is still some technology gap but it is rendered much smaller under conditions of network effects.

5 Simulations and Preliminary Testing

The model was then simulated to compare the special case of return migration relative to additional impact arising from diaspora network effects.³³ If we assume that the growth rate in the foreign country is 3% and that $h(w_t) = -.5 \ln(w_t)$, a numerical simulation of the model yields the patterns given on Fig. 2. The panel on the top left of figure two shows that the cumulative effect of return migration plus network effects, helps to close the technology gap through knowledge transfer. This causes workers to emigrate less and less, (top right and bottom left panels) and the share of permanent migration in the total mass of migration falls (bottom right) panel. The results are shown with and without network effects.

The greatest impact of the diaspora effect is the decline in permanent migration. These results raise a number of issues and present a number of testable hypotheses. The first is whether diaspora effects are motivated by the technological gap or whether improved local conditions encourage migrants abroad to participate in raising the level of local domestic capital. Secondly, is it realistic to expect significant return migration in small open economies, especially among the most gifted individuals, without significant improvement in local conditions? In addition, given the returns in receiving countries it may be difficult to create the incentives necessary to attract those individuals that can have the most impact on local development.³⁴

We are not aware of any aggregate data sets available at the moment to test the network hypothesis for the Caribbean, however, if we can show that return migrants receive a wage premium in local labour markets this would be prima facie evidence that migrants have superior transferable skills. A test of the impact of return migrants in the local labour market was examined for Jamaica using the 2001 census data. The model used was a hierarchical earnings function (accounting for individual and occupation effects) with a dummy variable representing marginal labour market returns with respect to migrants returning to Jamaica (Hox 2002). If the dummy variable is positive and significant it means that returning migrants are paid a

³³The simulated function w_t is slightly different from that developed by Dos Santos and Postel-Vinay (2003) but the basic results are the same. The growth rate of g is 3% and the network effect is 7%. The actual parameters used and the model set up can be gotten from the authors on request.

³⁴The evidence is unclear as to whether improved conditions in China have helped to generate interest in investments from the Chinese diaspora. Kristian Thorn and Lauritz Holm-Nelson (2008) have argued that it is no surprise that the most successful cases of return policies are found in countries such as Singapore, South Korea and Taiwan, countries with S&T and advanced industrial sectors.

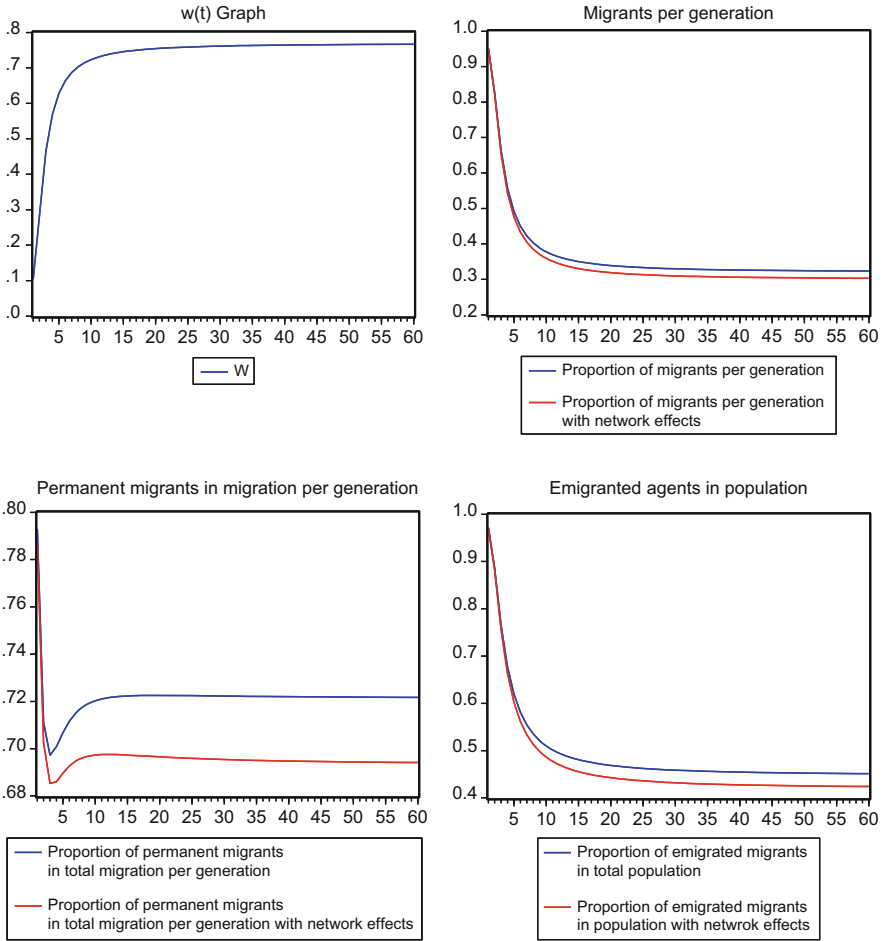


Fig. 2 Simulation results

premium above that of others in the domestic labour market, presumably due to superior skill. This would imply that migrants are likely to transfer superior skills through interaction with individuals in their country of origin. The variable of interest is called “migrant” in the regression equation.

The model is defined in Eq. (11) as follows:

$$Y_{ij} = \beta_{0j} + \sum \beta_k x_{ijk} + (\mu_{1j} Z_j + \mu_{0j} + \varepsilon_{ij}) \tag{11}$$

Where Y_{ij} is the natural log wage of individual i in occupation j ; x_{ijk} , k th explanatory variables, including the dummy variable for the returned migrants, which varies between individual i (hierarchy 1) in occupation j (hierarchy 2). The Variable Z_j captures the random impact of returned migrants on earnings at the

occupational level. The last two terms are the occupational and individual level residuals respectively.

The hierarchical framework helps to disaggregate the variance and nests categories that are natural clusters.³⁵ Thus, individuals are clustered within occupations and firms. The results suggest that returning migrants receive additional returns of 15%³⁶ for their skills and there is some small impact due to the random distribution of such individuals (Table 3). The overall variance attributed to the random effects of returned migrants was 6%. This is not surprising given that for the census the percentage of individuals with university education and other tertiary education, in the Jamaica population was 2.6% and 5.31% respectively, while for returning migrants it was 12.09% and 10.39% respectively.³⁷ In terms of the labour force while the national averages were 5% and 9% for university and other tertiary educated individuals respectively, for the returning migrants they were 22% and 15%. Examples of higher returns for returning migrants were also found in other countries. For example, Co et al. (1998) using the Hungarian Household Panel Survey, found large differences in the human capital returns to foreign experience across gender and among host countries in which the human capital was acquired. Barret and O'Connell (2000) with respect for Ireland, found that male returning migrants received a premium of between 10 and 15% but they did not find any premium for women.

6 Conclusion

This paper argues that it is likely that skilled migration will continue to be encouraged by the OECD countries and developing countries like those of the Caribbean must seek to benefit from such migration. Since migration is an integral aspect of the experience of small island economies policies must be developed to benefit from the skills and expertise, which migrants acquire in receiving countries. While there is a great benefit in encouraging return migration the vast majority of migrants may remain abroad. For this reason, programs and policies that encourage the continual engagement of Caribbean migrants with their countries of origin through diaspora networks, will help to raise the levels of local skills and expertise.

This implies that policies towards migration must be addressed as part of development policy. Such policies would imply two strategies. The first is making significant domestic changes that would allow for greater interaction between migrants abroad and the domestic economy. That means encouraging and deepening existing diaspora

³⁵The formula for the desegregation for the variance is $\mu_j^2 = \frac{\mu_0^2}{\mu_0^2 + \varepsilon_0^2}$. The random occupations contribute some .224%.

³⁶This variable has as statistically significant value of 4.96 in the Z column.

³⁷When asked what they returned to Jamaica 18.68 said retirement and 48.6% said that Jamaica was home. Some 30% of migrants were from the UK and 44.25% from England and 8% from Canada.

Table 3 Regression results from hierarchical model

Lywage	Log wage	Coef.	Std. Err.	Z	P> z	[95% Conf. Interval]
Exp	Experience	0.0155424	0.0008545	18.19	0	0.01387 0.01722
exp2	Square of experience	-0.0002754	0.0000158	-17.38	0	-0.0003 -0.0002
CXC	CXC examination passes	0.1052457	0.0128219	8.21	0	0.08012 0.13038
GCE13	GCE 1-3 subjects	0.2309971	0.0154645	14.94	0	0.20069 0.26131
gce4P	GCE4 subjects	0.3547988	0.0217409	16.32	0	0.31219 0.39741
CCertif	College certificate	0.6194703	0.0201855	30.69	0	0.57991 0.65903
PDegree	Degree/professional	1.165419	0.0232632	50.1	0	1.11982 1.21101
Adegree	Associate degree	0.6010506	0.026769	22.45	0	0.54858 0.65352
Sametrain	Specific training	0.0840907	0.0084657	9.93	0	0.0675 0.10068
Partime	Part time	-0.359033	0.0187263	-19.17	0	-0.3957 -0.3223
Mangrs	Managers	0.4291191	0.1068589	4.02	0	0.21968 0.63856
Profss	Professionals	0.2465192	0.0566408	4.35	0	0.13551 0.35753
Cleric	Clerks	0.0193156	0.0790647	0.24	0.807	-0.1356 0.17428
Sersls	Sales	-0.1643371	0.0696914	-2.36	0.018	-0.3009 -0.0277
Agric	Agriculture	-0.4838332	0.1030742	-4.69	0	-0.6859 -0.2818
Plntop	Plant operators	0.1222477	0.0766932	1.59	0.111	-0.0281 0.27256
Lmonths	Log of month worked	0.3237417	0.0057082	56.72	0	0.31255 0.33493
Lhours	Log of hours worked	0.052129	0.0086123	6.05	0	0.03525 0.06901
Subw	Subsistence wage	0.4337182	0.0173302	25.03	0	0.39975 0.46768
Returned migrant	Returned migrant/dummy	0.1529003	0.0307437	4.97	0	0.09264 0.21316
_cons		5.641984	0.2170241	26	0	5.21663 6.06734
Random impact of returned migrants		0.06	0.026	0.025	0.143	
Variance due to occupation		0.22	0.019	0.18	0.26	
Regression variance		0.78	0.002	0.78	0.79	

Computed from the 10% sample of the 2001 Census for Jamaica

networks. Secondly, sending countries should pursue such arrangements that address the low returns migrants receive, due to failure of employers in receiving countries, to properly evaluate the quality of skills and expertise they possess. This constitutes a less than optimal return on investment for migrants or sending countries if part of that investment is publicly funded (Alleyne 2009; Batalova et al. 2016). While this is not a direct implication of the model, strategies that improve the welfare of migrants will result in greater benefits to sending countries.

The model results also suggest that diaspora network effects can help to stem the long run migration of highly skilled persons, by way of closing the technological gap, but this will depend on improving local conditions for those who may wish to return or collaborate through networks. While we were not able to test for the aggregate impact of network effects on the economic development of sending countries, we determined that migrants do possess superior skills that are transferable. The empirical evidence for Jamaica suggests that return migrants are paid a premium of 15% above the average wage in the labour market. In this case it is reasonable to infer that this is because of their superior skills.

Appendix

Equation (9) can be expanded to get

$$\begin{aligned}
 & (\mathbf{1} + g)w_{t+1} \\
 &= \frac{\frac{s_t}{r_t} \left[N_t w_t + \frac{N_t^2 w_t}{\mathbf{1} + h(w_t)} + \frac{N_{t-1} w_{t-1}}{\mathbf{1} + h(w_t)} [N - \mathbf{1}] + h(w_{t-1}) \left[N_t w_t - \frac{N_{t-1} w_{t-1}}{\mathbf{1} + h(w_{t-1})} \right] \right]}{N_t \left(w_t + \frac{w_t}{\mathbf{1} + h(w_t)} \right)}
 \end{aligned}$$

In the steady state,

$$\begin{aligned}
 (\mathbf{1} + g)w &= \frac{w \left[Nw + \frac{N^2 w}{\mathbf{1} + h(w)} + \frac{Nw}{\mathbf{1} + h(w)} [N - \mathbf{1}] + h(w) \left[Nw - \frac{Nw}{\mathbf{1} + h(w)} \right] \right]}{Nw + \frac{Nw}{\mathbf{1} + h(w)}} \\
 &= \frac{N + \left[\frac{N^2}{\mathbf{1} + h(w)} \right] + \left[\frac{N(N - \mathbf{1})}{\mathbf{1} + h(w)} \right] + h(w) (N - \left[\frac{N}{\mathbf{1} + h(w)} \right])}{Nw + \frac{Nw}{\mathbf{1} + h(w)}} \\
 &= \frac{\mathbf{1} + N/\mathbf{1} + h(w) + \left[(N - \mathbf{1}) / (\mathbf{1} + h(w)) \right] + h(w) \left[\mathbf{1} - \mathbf{1} / \mathbf{1} + h(w) \right]}{\mathbf{1} + \frac{\mathbf{1}}{\mathbf{1} + h(w)}} \\
 \mathbf{1} + g &= \frac{2N + (1 + h(w)) - \mathbf{1} + h(w)(h(w) + \mathbf{1}) - h}{2 + h} = \left\{ \frac{2N + h(w)^2 + h(w)}{2 + h} \right\} \\
 g &= \frac{2(N - \mathbf{1}) + h(w)^2}{2 + h(w)}
 \end{aligned}$$

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A Taste of Home: The Nostalgia Trade and Migrant Economic Transnationalism



Manuel Orozco and Julia Yansura

Abstract This chapter offers an analysis of economic diasporas by presenting a case study of the nostalgic trade. The chapter shows that migrants consume home country goods in ways that represent a substantive form of transnational engagement, with economic and business benefits for home and host countries. In doing so, they contribute to further integrating the global economy. This chapter considers the cases of the Albanian and Salvadoran diasporas in the United States, which offer different perspectives on the opportunities and challenges related to the nostalgia trade.

1 Introduction: Migration, Trade, and Transnationalism

This chapter offers an analysis of economic diasporas by presenting a case study of the nostalgic trade. The chapter shows that migrants consume home country goods in ways that represent a substantive engagement, with economic and business benefits to home and host countries. In doing so, they contribute to further integrating the global economy.

This chapter considers two case studies that offer different perspectives on the opportunities and challenges related to the nostalgia trade. The case studies shed light on the demand for and distribution of home-country products, as well as on economic impacts for home and host countries. One case focuses on the Salvadoran migrant community, which is a large and well-known diaspora group residing in the United States. The second one, lesser known, is that of the Albanian diaspora, a smaller group mostly concentrated on the East Coast of the United States. Like the Salvadorans, the Albanians maintain deep ties with their homeland.

In the case of the Salvadoran diaspora in the United States, survey data suggests that 90% of Salvadorans are spending over \$130 a month on goods from their home

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country. Moreover, a mapping of businesses offering these products suggests a thriving marketplace with a fairly wide variety of products available. In many cases, these products are distributed and sold by small businesses owned by Salvadoran or other Central American immigrants. The economic impacts of this trade are substantial, and could be further leveraged for development via specific policies or programs.

In the case of the Albanian diaspora in the United States, the demand for home-country products is robust, but not met by a fully developed supply chain. Nearly half of Albanians in the U.S. report difficulties in finding their favorite Albanian products, even including very common products. Moreover, though 60% of foreign born Albanians in the U.S. say they buy imported Albanian products, visits to local businesses and suppliers suggest that many of the items being purchased are Balkan, Turkish or European more broadly, and not in fact Albanian. In this sense, demand for home-country products is limited by a weak export and distribution network that faces numerous business and logistical challenges.

Side by side, the two cases studies offer insights into the challenges and opportunities of this specific type of diaspora engagement for business, trade, and economic development.

2 About Migrant Transnational Economic Engagement

One important facet of migration is the linkages that migrants establish through what we call transnational economic activities.¹ Broadly, these activities include

- Money transfers (family remittances),
- Entrepreneurship,
- Capital investment,
- Philanthropy,
- Consumption of home-country products, and
- Knowledge transfer.

These activities occur in relationship to different spaces, namely, activity related to the host country, to intermediation, and to the home country.

These activities and spaces directly relate to development insofar as they help create or strengthen assets in both host and home country. With regards to the latter, as Minto-Coy notes, “the diaspora (is) a key resource and route towards participation and enhanced competitiveness in the global economy for firms originating in countries of origin. This is particularly useful for businesses generally, but more

¹For more information, see Orozco, Lowell, Bump and Fedewa, “Transnational Engagement, Remittances and their Relationship to Development in Latin America and the Caribbean,” Institute for the Study of International Migration, Georgetown University, 2005. Available at <https://goo.gl/j68oVn>

specifically for firms from small and developing nations who have traditionally found it difficult to internationalize, diversify, and identify ‘new’ markets.”²

Financial access and market access are critical to this process. Their efficient performance ensures the success of the value chain. In addition, along the lines there are various players or stakeholders that intervene to further improve or enable the development impact of these activities by facilitating financial and market access within the value chain. As Riddle, Hrivnak and Nielsen note, “transnational diasporan entrepreneurs often must navigate between starkly different institutional and business environments, particularly when the COO is in an emerging market and the COR is a developed country. While starting any new venture is challenging, simultaneously establishing and running operations in two locations is even more time consuming, exhausting, and risky for the entrepreneur.”³ In light of these challenges, various forms of support can help strengthen international linkages and can enable greater development impact.

As mentioned in the list above, the two most substantive areas of engagement are sending remittances and purchasing home-country products, a practice which is known as the “nostalgia trade.” These areas are substantive both in terms of their prevalence and the scale of their economic impact (see table below).

In this chapter we take a closer look at the role of nostalgic trade in transnational economic engagement as a way to characterize and analyze its patterns. The percentages shown in the table are estimates based on extensive previous research with migrant populations in the United States (Table 1).

Within the range of transnational activities presented here, this chapter focuses specifically on the nostalgia trade and its impacts for migrants, businesses, and economic development. The chapter begins by defining the nostalgia trade and elaborating on the methodologies used. It then presents two case studies, El Salvador and Albania, considering the nostalgic trade from the perspectives of migrant consumers, diaspora businesses, and economic development more broadly.

3 The Nostalgia Trade

The demand for home-country products reflects memory, nostalgia, and a strong sense of transnational identity.

Migrants purchase a wide range of things from their country of origin, from clothing and books to artwork and food, especially food. For migrants, being able to purchase these products—be it cheese, beer, spices, candy or tea—is to have a taste

²Indianna D. Minto-Coy, “The Role of Diasporas in the Growth and Internationalisation of Businesses in Countries of Origin” in *Diaspora Business*, Maria Elo & Liesl Riddle (eds.), Oxford, UK: Interdisciplinary Press, 2016. Available at <https://goo.gl/Wr1gko>

³Liesl Riddle, George A. Hrivnak, and Tjai M. Nielsen, “Transnational diaspora entrepreneurship in emerging markets: Bridging institutional divides,” *Journal of International Management* 16, 2010. Available at <https://goo.gl/vCvomQ>

Table 1 Migrant transnational economic activities

Economic activity	Adult migrants participating	Host country	Intermediation	Home country
		Activity associated with		
Family remittances	60–80%	The decision to remit a share of the workers’ income	The work of remittance service providers	The effects of remittances on household economics for the recipient family
Nostalgia trade	80–90%	The consumption of home-country goods, including but not limited to foods	The supply chain of products and services	The production chain of home country goods
Philanthropy	10–20%	Fundraising, donations for charitable causes in migrants’ home towns	The method of donating	The funds received and projects implemented
Entrepreneurship	5–10%	The decision to create or maintain a migrant owned business	The enabling environment to create a business	A micro or small enterprise created by an immigrant or family member in homeland
Investment	5–10%	The capital for a particular investment or business venture	The investment environment	Allocating capital for a particular asset or venture in the hometown
Knowledge transfer	5%	Sharing information and skills acquired as development tools	The institutions building skills or sharing knowledge	The methods to share information, knowledge and skills that enhance local and national development

Source: Orozco, Manuel. *Migrant Remittances and Development in the Global Economy*. Boulder: Lynne Rienner Publishers, 2013

of home while they are living far away. When asked, migrants will say that they purchase these products because they like the flavor, the quality, and the connection to where they are from.

By home-country product or nostalgic product, we refer specifically to those goods that are manufactured in the homeland, not to nostalgic products that are manufactured in the United States. For example, migrants may buy tortillas or tea made in the United States and in the homeland, but the question explicitly refers to only those products that were manufactured in the home country and then imported.

Digging deeper, we find that these products are available via a network of importers, suppliers, and small businesses that function via numerous transnational linkages. Moreover, the economic impacts are substantive and extend all the way from the communities where migrants live and shop to the countries and/or regions where they are originally from.

However, the nostalgia trade is not without its challenges. There may be issues related to informality, quality control, international shipping, and even accurate labeling. Diasporas that are small, or populations that are geographically remote, may have difficulty establishing or sustaining access to supply chains. In some cases, migrants cannot find the products they want, or have to go to great lengths to find them, including bringing things back in their suitcases when they travel home.

4 The Nostalgia Trade: Research Methodology

Simple observations show that migrants purchase specific, imported products from their home countries. However, in order to truly understand this phenomenon, it is important to more precisely quantify the size, scope and impacts of the nostalgia trade. In this sense, migrant survey data, import/export records, and business site visits serve as important methodological tools. In our research conducted for this chapter, we triangulate original survey data, original fieldwork with diaspora businesses, and official import/export data.

Original Survey Data Migrants often purchase and consume these products with little thought to their economic impact or value; they are simply normal, daily foods from the corner grocery; people like how they taste and how they remind them of home. However, with nearly 90% of migrants each consuming over \$1000 a year in imported, home country foods, the value of this trade is significant. The following table shows survey data from two surveys conducted, the first in 2008 and the second in 2014. Survey data sheds light on the prevalence of this type of transnational engagement, as well as the types of products purchased. It can also help to estimate the dollar value of these purchases (Table 2).

Original Fieldwork with Diaspora Businesses Site visits to businesses selling nostalgic products can offer additional insights. These nostalgic businesses have an economic impact in the local economies of the communities where migrants are living. Nostalgic businesses are in most cases small, family-owned businesses that generate jobs for migrant entrepreneurs and their employees. They also generate employment indirectly in areas such as shipping and trucking. Visits to these establishments can help to assess how accessible, affordable, and widely available home-country products are. They can also help to provide supply-side corroboration of the trends identified from the consumer side in the previously-mentioned migrant surveys.

Import/Export Records Finally, the nostalgia trade, which amounts to billions of dollars a year in exports, also has considerable economic impacts in migrants' countries of origin. In order to estimate the products being exported, as well as the economic value of these exports, import-export data can be used in conjunction with migrant survey data and business observations. There is a steady, growing demand for

Table 2 Percent of migrants consuming nostalgic goods

Characteristics		Consumes home-country products (U.S. Nationwide, 2008)	Consumes home-country products (Washington DC, 2014)
Generation	1st generation migrant	89%	88%
	2nd or 3rd generation migrant	N/A	92%
Gender	Female	91%	96%
	Male	88%	83%
Citizenship	U.S. Citizen	90%	95%
	Not a U.S. Citizen	89%	84%

Source: Surveys of Migrants, Inter-American Dialogue, 2008 and 2014. Sample size of 1300 migrants for 2008 and 105 migrants for 2014 (For the 2008 survey, the following migrant nationality groups were included: Bolivians, Colombians, Dominicans, Salvadorans, Ethiopians, Ghanaians, Indians, Mexicans, Nigerians, Paraguayans, Filipinos, and Hondurans. The 2014 survey included Central American, South American, Caribbean, Asian and African groups. Salvadorans were the largest single nationality group represented)

specific, relatively high-quality products⁴ that encourage economic diversification and growth. In many cases, migrant consumers demand specific, niche goods that are not among a country's most common exports. As a result, the nostalgia trade encourages a diversification of production and exportation that can have positive economic effects, particularly for countries that are oriented around a single commodity export.

In the following cases, these sources are used to explore the nostalgia trade for migrants from El Salvador and Albania who are living in the United States. The two cases offer interesting similarities, but also important differences.

5 The Case of El Salvador

The Salvadoran case presents an example of a well-developed nostalgic trade, with 90% of Salvadorans each spending over \$130 a month on goods from their home country. This demand is met by a thriving network of businesses in the immigrant community that import, distribute and sell Salvadoran and other Central American products. This section presents the case of the Salvadoran nostalgic trade, focusing on migrants, diaspora businesses, and opportunities for economic development.

⁴These products are high-quality both in the sense that quality is the first consideration of migrant consumers, and in the sense that stringent quality controls are in place for food products entering the U.S.

Table 3 Migration from El Salvador

Indicator	2010	2011	2012	2013	2014
Total Salvadoran migrant population (stocks)	1,015,479	1,047,034	1,121,904	1,149,006	1,163,943
Estimated annual border crossings into U.S.	34,619	35,694	38,247	42,435	44,676

Source: Orozco and Yansura, “A New Strategic Approach for El Salvador’s Economic Development Challenges,” *Voces Blog, Inter-American Dialogue*, February 11, 2016

5.1 *The Salvadoran Diaspora in the United States*

Because of poverty, transnational links and social and political tensions, many Salvadorans have migrated in search of better opportunities abroad. Migration is the byproduct of push factors associated with violence and limited economic opportunities in a context where jobs are mostly informal, low-paid and unskilled. Pull factors such as transnational family networks and demands for low-paid foreign labor (a Salvadoran in the U.S. will make 12 times more than what he or she makes in El Salvador) also come into play (Table 3).

As a result of these pull and push factors, today an estimated 1.163 million Salvadorans live outside of their country of origin, out of a total Salvadoran population of 6.345 million.⁵

According to United States Census data, the Salvadoran diaspora population is clustered in metropolitan areas such as Los Angeles, New York, and Washington, DC, the latter of which is the focus of this case study. Many Salvadoran migrants work in service occupations, such as the restaurant industry. The majority have less than a high school diploma and speak English less than very well,⁶ factors which significantly constrain their economic mobility.

5.2 *Migrant Demand for Home-Country Products*

Among Salvadorans living in the United States, there is substantial demand for products from El Salvador, particularly foods. Although migrants demand a wide array of nostalgic goods, the highest-demand products can be identified from survey data and store research. Among migrants from El Salvador, nearly one-third mentioned consuming cheese from their home countries. *Cuajada* was the most common specific item, but other cheeses were also popular. Other foods such as beans, fruit and rice were also mentioned. This is consistent with previous research on the topic,

⁵Total Salvadoran population is from World Bank Data, available at <https://data.worldbank.org/indicator/SP.POP.TOTL>. For more detail on migrant population estimates, see Table 3.

⁶American Community Survey, 2015. 1-year estimates. For more information, see <https://goo.gl/oZ5uFu>

Table 4 Main products purchased, select countries of origin^a

Nationality	Top products consumed, by category ^b	% Respondents consuming ^c	% All products consumed ^c	Specific products of note
Salvadoran	Cheese	27	14	<i>Cuajada</i> , dry cheese, other cheeses
	Beans	36	9	–
	Fruit	22	8	Mango, jocote, other fruits
	Rice	38	8	–

Source: Survey of 105 Migrants, Inter-American Dialogue, 2014

^aIt is also important to note that demand for nostalgic goods is not limited to migrants and their families. Many stores reported that non-migrant consumers shop for specialty, imported food items. In some cases, travelers or Peace Corps volunteers may shop for products that remind them of their time abroad

^bFor these product categories, goods were sorted into groups based on similarity and prevalence. For example, “Bread Products” includes not only bread, but also pastries and similar items

^cPercentage of all respondents mentioning, by nationality

such as a 2003 survey by Batres-Marquez that found that among Salvadoran foods consumed by the Salvadoran immigrant community in the United States, cheeses were among the most imported products.⁷

Though these products were mentioned often, they represent only a small portion of all products consumed. For example, though 38% of Salvadoran respondents reported consuming rice from El Salvador, rice was only 8% of the total number of different goods that Salvadorans reported buying. This suggests that migrants seek out a diverse array of goods from their home countries, not just a handful of staples (Table 4).

The 90% of migrants who purchase nostalgic goods spend an average of \$137 a month (or \$1644 a year) on these goods. First generation migrants and non U.S.-citizens were among those who reported spending more on nostalgic goods. Though women are slightly more likely to consume nostalgic goods, they report spending less each month on these products. Among selected nationalities, Salvadorans reported spending the most on nostalgic goods (Table 5).

When asked which factors were most important when purchasing goods from their home countries, migrants cited the quality of the product, followed by its origin. Cost also factored into consumers’ decision-making process, but it was not as important as quality or origin.

⁷The study surveyed Salvadoran migrants in Los Angeles and Houston to find out which Salvadoran-style products they consumed. It then asked respondents whether the food was produced locally or imported from El Salvador. For more detail, see Batres-Marquez, Jensen, and Brester, “Salvadoran Consumption of Ethnic Foods in the United States,” Iowa State University, 2003. Available at <https://goo.gl/EAhqMp>

Table 5 Monthly expenditures on nostalgia products and % total consumption

Characteristics		Amount purchased (\$/month)	Nostalgic goods as % of total consumption
Generation	1st generation migrant	132	38
	2nd or 3rd generation migrant	83	25
Gender	Female	121	39
	Male	132	35
Citizenship	U.S. Citizen	118	35
	Not a U.S. Citizen	132	38
Country of origin	El Salvador	137	42
	Honduras	108	24
	Guatemala	116	29
	Mexico	115	37
	All countries of origin	127	37

Source: Survey of 105 Migrants, Inter-American Dialogue, 2014

Of the 89% of migrants who consume home-country goods, 40% report having had difficulty finding certain products, which suggests that there are opportunities to expand the supply of nostalgic goods and to include new products.

5.3 *Supply Side Factors*

On the supply side, these products are imported, distributed and sold by a network of businesses, many of them owned and operated by migrants themselves. A relatively wide variety of products are readily available, and at reasonable prices, in migrant neighborhoods. When analyzing the robust supply of these products,⁸ it is important to note the size and concentration of the Salvadoran diaspora in the Washington, DC metropolitan area. It is also important to note that Salvadoran products may be grouped with other Central American products at Central American grocery stores, but are generally branded as specifically Salvadoran products. This is the best of both worlds, facilitating distribution of nostalgic products but also branding them as uniquely Salvadoran.

In the Washington, DC metropolitan area, migrants can purchase home-country goods at over 150 local stores, the majority of which are migrant-owned, family businesses. These stores tend to be geographically clustered in the suburbs of

⁸For an additional and complimentary perspective, see Landolt, Aultler and Baires 1999, who note that “Our field research in Washington, DC and Los Angeles (...) unearthed a vibrant entrepreneurial community embedded in a web of social relations. . . There is a thriving formal and informal commerce of goods and services (...) sustained by micro, small and medium size transnational enterprises.” Patricia Landolt, Lilian Autler & Sonia Baires, “From Hermano Lejano to Hermano Mayor: the dialectics of Salvadoran transnationalism,” *Ethnic and Racial Studies*, 22:2, 296–297.

Northern Maryland (Gaithersburg, Silver Spring, and Takoma Park) and Northern Virginia (Alexandria, Arlington, and Falls Church).

Some stores cater to multiple customer groups, perhaps hoping to increase their sales. A number of the larger grocery stores, for example, serve both Latin American and Asian customers. There is some overlap in demand for products such as fruits, vegetables, and rice, one store manager noted. However, serving multiple customer groups may also present challenges. One store, which is owned by a family of Asian immigrants and offers a wide array of products from East Asia, South Asia, the Middle East, and Latin America, has attempted to solve this problem by organizing the store by country of origin, rather than by type of product. "It can be hard to find things," the manager admitted.

These businesses typically carry dried, canned, fresh, and frozen foods along with beverages such as fruit juice, soda, and beer or wine. Though most foods are imported, it is not uncommon to find American products as well. Some stores offer hot food, such as pre-made tamales. Many stores also carry imported personal care items such as soap, toilet paper, shampoo, conditioner, and perfume or cologne. Several stores also carry nostalgic clothing such as hats, shirts, or backpacks with a specific flag or the logo of the local sports team.

Some stores offer additional services, such as phone services or money transfers. Approximately 25% of these nostalgic businesses offer remittance services. The remittance companies most commonly represented at the businesses surveyed were MoneyGram, Western Union, Ria, and Vigo.

Finally, nostalgic businesses may serve as unofficial community centers where information is shared. For example, many stores have bulletin boards with job postings, services, and information in migrants' native languages. Others have newsstands with newspapers catering to different immigrant groups. In this sense, nostalgic businesses both reflect the existing presence of migrant communities and serve to strengthen these communities.

Of the 89% of migrants who consume home-country goods, 40% report that they have had difficulty finding certain products. Some migrants in DC reported driving to neighboring Virginia to buy their favorite home-country products, which added time and cost to their shopping. Others commented that "the stores don't order enough of certain things, and then they run out." Some of the most commonly cited products that migrants had trouble finding were herbal teas and homeopathic medicines. Overall, however, there was consensus among migrants surveyed that if one were willing to shop around, the products could be found. As one 2nd generation Salvadoran migrant explained, "If one store doesn't have it, another one will."

5.4 Economic Impacts in El Salvador

The economic impacts of the nostalgia trade are particularly evident in small countries with large diaspora populations, such as El Salvador. El Salvador's export market has traditionally been vulnerable in that it produces a relatively small number

of products for a handful of countries. El Salvador's main exports are knit T-shirts and other clothing items, sugar, coffee and electrical capacitors.⁹ Moreover, an estimated 40% of the value of exports is generated by only 10 firms that trade in only a handful of products.¹⁰

Considering survey data that suggests that 90% of Salvadorans are spending over \$130 a month on goods from their home country, the annual value of nostalgic exports may amount to over \$1.6 billion.¹¹ Moreover, the top nostalgic products mentioned by migrants—cheese, beans, fruit, and rice¹²—are not among the country's traditional exports. In this sense, the nostalgia trade may serve to promote economic diversification and resilience.

Drawing from data from the U.S. International Trade Commission, it is possible to analyze specific products within this market in greater depth. In 2014, select nostalgic products (only a handful of all products consumed by the diaspora) amounted to over \$37 million, as the following table shows (Table 6).

It is important to note that the growth in these exports has been closely tied to the growth in the Salvadoran diaspora in the U.S., as the graphics below suggest (Graphs 1 and 2).

6 The Case of Albania

The case of Albania is different for a number of reasons, but it starts with the same demand for home-country products: cheese, sausage, beverages, candy. From there, it begins to run into a number of challenges.

A similar research methodology is used. The Albanian case study is based on over 200 interviews with members of the Albanian diaspora living in the United States.¹³

⁹“Country Profile: El Salvador,” The Observatory of Economic Complexity, MIT. Available at: <http://goo.gl/atCIP7>

¹⁰“INT encourages countries to diversify exports,” Inter-American Development Bank. Available at: <http://goo.gl/HYGTNI>

¹¹This estimate is based on the following calculation: (1,200,000 foreign-born Salvadorans in the U. S.) × (90% consume nostalgic goods) × (Average consumption of \$1500 a year on these goods) = \$1,620,000,000. This estimate is conservative in that it does not factor in the nostalgic consumption of second and third generation Salvadoran migrants. As a point of comparison, remittances to El Salvador were approximately \$4,000,000,000 in 2014.

¹²See Table 4.

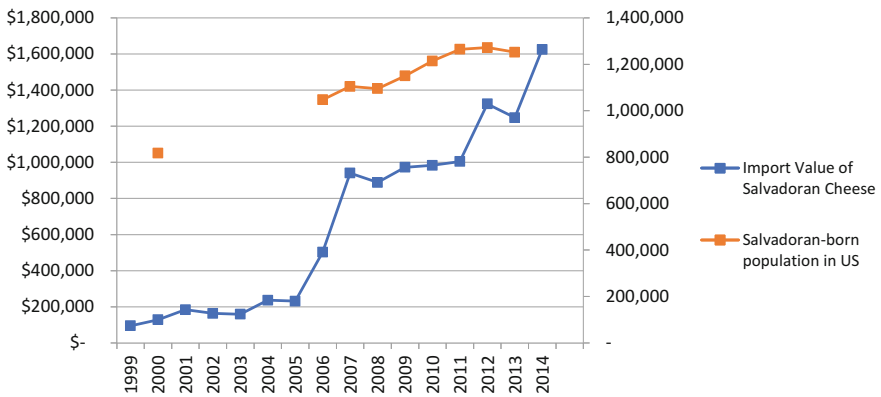
¹³207 surveys were conducted among foreign born as well as second and third generation Albanians in the United States. The surveys were conducted over the period March–April 2015, and were completely voluntary and anonymous. The surveys were conducted in English and lasted approximately 10 min. 41 surveys were conducted in the metropolitan areas of Boston, 47 in Detroit, 97 in New York, and 22 in other cities throughout the United States, including 5 in Washington, DC. The sample unit was selected in city streets in neighborhoods with large Albanian populations, such as Pelham Parkway and Arthur Avenue in the Bronx. Other surveys were conducted, with the permission of community leaders, at Balkan community centers, children's dance classes, Albanian language classes, religious centers, charity fundraisers, and factories. 75% of those interviewed

Table 6 Nostalgic products from El Salvador, 2014 (\$)

Product	Declared Customs value, 2014 ^a
Cheese	1,625,040
Beans	1,839,934
Candy	538,996
Soda	7,744,744
Beer	3,061,508
Bread products and tortillas	18,189,088
Condiments and sauces	3,672,903
Rice	71,932
Fruit (bananas & plantains)	636,968
Sum of select Salvadoran food items	37,381,113

Source: U.S. ITC database, Select U.S. Imports from El Salvador, Actual Dollars in customs declaration

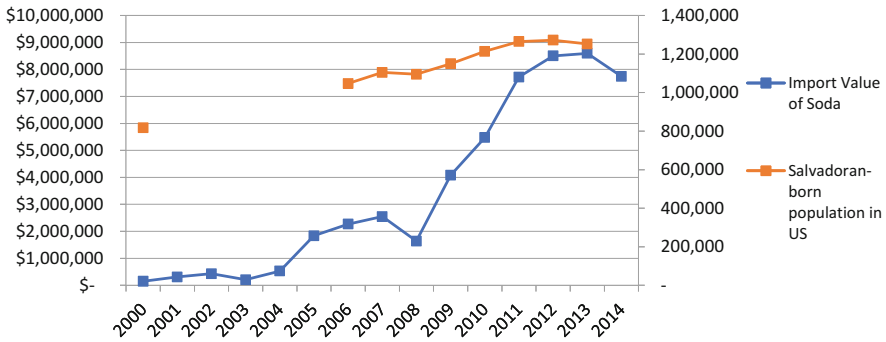
^aThe retail value may be much higher



Graph 1 Imported Salvadoran Cheese and Salvadoran-Born Population in the United States. Source: U.S. ITC database, Select U.S. Imports from El Salvador, Actual dollars in customs declaration. American Community Survey, Selected Population Profile, 1-year estimates

In addition, site-visits and in-depth interviews were conducted with Balkan businesses in New York, Boston, Detroit, and Washington, DC. These site visits shed light on supply side dynamics, including product availability, quality, and pricing. They also help to understand some of the challenges that local Balkan businesses may face in supplying Albanian products to a small but diverse diaspora population.

were Albanian nationals from Albania, the rest were ethnic Albanians from Kosovo (15%), Montenegro (7%) and other locations like Bosnia, Macedonia, Greece and Italy (3%). The surveys sought to understand demand for Albanian products, any difficulties in finding Albanian products, general levels of transnational engagement, and demographic characteristics of respondents.



Graph 2 Imported Salvadoran Soda and Salvadoran-Born Population in the United States. Source: U.S. ITC database, Select U.S. Imports from El Salvador, Actual dollars in customs declaration. American Community Survey, Selected Population Profile, 1-year estimates

Finally, import/export records are used to confirm some of the trends found during the surveys and site visits.

The study shows that this diaspora community is engaged with their home country, and that a majority buy a wide array of home country commodities such as beer and sweets. Specifically, we find that over 60% of foreign born Albanians in the U.S. say they buy Albanian imported products consisting of more than 30 kinds of commodities. Albanians say they spend US\$1200 a year buying these goods.

A key finding in the study is that Albanians struggle to find the products they want. Products are limited in variety and number, and stores supplying them are few and far between. Imports have not yet caught up with demand. In fact, nearly half of Albanians in the U.S. report difficulties in finding their favorite Albanian products.

As has been discussed in the case of El Salvador, the nostalgia trade has important economic impacts, both for the communities where migrants live and shop, and for the countries and regions they are from. However, in the case of Albania, the nostalgia trade is very incipient and limited, thus also limiting the economic impacts back in Albania. Steps could be taken to strengthen the nostalgic market through continued market research, technical assistance, diaspora-donor partnerships, and trade fairs in order to further tap into the development potential of this market.

This section presents the case of the Albanian nostalgic trade, focusing on migrants, diaspora businesses, and opportunities for economic development.

6.1 The Albanian Diaspora

The number of Albanian migrants grew from just over 100,000 in 1990 to over one million 10 years later. The majority of Albanian emigrants are male, although female emigration has increased in recent years as women seek educational opportunities and family reunification abroad. For example, from 2000 to 2013 the percent of

migrants who were female increased from 40% to 46%. By 2013, there was a total of 1.25 million Albanians living abroad¹⁴ from a country of less than three million people.¹⁵

The Albanian diaspora is a byproduct of international migration originating both in Albania and other places, like Kosovo, Italy and Greece. Much of contemporary Albanian migration stems back to the post 1990 dictatorial period. Since then Albanians have moved predominantly to Italy and Greece. Migration to the United States and the United Kingdom also emerged after 1992 and continued from 2000 onwards. Since 2005, Albanian immigration to the United States has maintained a steady annual inflow of 3000 people, in addition to an annual 5000 non-immigrant visas issued every year.¹⁶

According to figures from the 2013 American Community Survey (ACS) of the U.S. Census Bureau, there are 81,047 foreign-born Albanian migrants in the United States, 48,728 of whom are U.S. citizens while 32,319 are non-U.S. citizens. With an average age of 37 years, 81.9% of Albanian immigrants in the United States are between the ages of 18 and 64. Half of the Albanian population in the United States has a college degree or higher, and 27.1% are employed in management or business sectors. Other areas of employment include services, sales, construction, and transportation.¹⁷ Geographically, the majority of Albanian migrants are concentrated in New York City, Detroit, Boston, and Chicago. Compared to the Salvadoran diaspora mentioned previously, the Albanian diaspora in the United States is much smaller, especially when we look at the case of specific metropolitan areas.

Overall, by the year 2025 the number of Albanians in the U.S. will have reached over 110,000 people, 93% of which will be over the age of 18, and they will occupy 44,000 households. This is significant for a number of reasons. To begin with, Albanians constitute one of the younger emerging migrant populations in the U.S. relative to the years of arrival and continued inflow. Second, as a market they represent an important and crucial economic resource for Albania (Table 7).

When researching transnational engagement, it is important to note that ethnic Albanians are geographically dispersed following multiple waves of migration and a complex political history. For example, ethnic Albanians live in Albania, Kosovo, Macedonia, Greece, and Montenegro, among other places. For the purposes of our research on the nostalgic trade, migrants were asked whether they consider themselves to be Albanian, and those who responded affirmatively were included in the sample, regardless of whether they were born in Albania or one of the other countries

¹⁴United Nations, Department of Economic and Social Affairs (2013). Trends in International Migrant Stock: Migrants by Destination and Origin (United Nations database, POP/DB/MIG/Stock/Rev.2013).

¹⁵According to World Bank Data, the current population of Albania is estimated to be 2.876 million. For more detail, see <https://data.worldbank.org/indicator/SP.POP.TOTL>

¹⁶USDOS, Bureau of Consular Affairs, Immigrant and Non-immigrant Visa statistics, <https://goo.gl/7rinVs>

¹⁷S0201: SELECTED POPULATION PROFILE IN THE UNITED STATES 2013 American Community Survey 1-Year Estimates.

Table 7 Forms of home-country engagement among Albanians in the United States

Indicator	%
Buys home country goods	62.0
Sends money back home	56.6
Belongs to organizations linked to Albania	54.5
Invests back home	30.6
Visits Albania	23.9

Source: Survey of 205 Albanian Migrants, Inter-American Dialogue, Spring 2015

Table 8 Percent of respondents who purchase imported Albanian products

Overall, Albanian diaspora		62.7%
Country where migrant was born ^a	Albania	58.2%
	Kosovo	86.7%
	Macedonia	33.3%
	Montenegro	71.4%
Generation of migrant	1st generation: Migrant	64.7%
	2nd generation: Parents are Albanian	51.7%
	3rd generation: Grandparents are Albanian	60.0%
Gender	Female	64.2%
	Male	61.3%
Citizenship	Not a U.S. Citizen	63.8%
	U.S. Citizen	61.7%
Current State of Residence ^a	New York	76.8%
	Michigan	57.8%
	Massachusetts	51.2%
Education ^a	High school or less	73%
	Some college	57%
Income	Less than US\$50,000	69%
	Over US\$50,000	61%
Belongs to a philanthropic institution ^a		58%
Sends money home ^a		63.4%

Source: Survey of 205 Albanian Migrants, Inter-American Dialogue, Spring 2015

^aStatistical significance. n = 128

previously mentioned. As is noted in Table 8, ethnic Albanians who were born in Kosovo and Montenegro report high levels of consumption of Albanian products.

6.2 Albanian Transnational Engagement

This section explores the extent of Albanian transnationalism, and is based on the survey of Albanian communities described in the earlier section. Albanian migrants

were asked questions about their engagement with Albania, and particularly as it relates to the consumption of home country goods, such as food and cultural commodities. Previous work on international migration shows that many diasporas seek to connect to their homeland in various ways, establishing transnational networks and becoming transnational communities with ties to their home country.¹⁸

The level of that engagement varies across nationalities and is influenced by an array of factors, including the rationale for migrating. Two of the most typical forms of transnational engagement are consuming home country goods and sending money home. In the case of Albanians, more than half of Albanians surveyed perform at least three transnational activities.

6.3 Understanding Albanian Nostalgic Trade in the U.S. Within the Context of Transnational Engagement

Here we take a closer look at the main source of engagement, nostalgic trade. The Albanian community in the U.S., formed by the first generation as well as subsequent generation Albanians, showed a strong demand for various home country goods. Nearly two thirds of Albanians (62.7%) said they consume imported products from home.

Certain subsets of the population report even higher consumption of nostalgic goods. For example, 87% of Albanians from Kosovo reported purchasing Albanian products and nearly 80% of those in New York buy them.

The average number of goods consumed was 3, but the total number of goods mentioned was more than 30. Of those, the most popular products include a variety of meats, followed by cheese, alcohol (Albanian liquor), and coffee. Moreover, the number of goods purchased correlated to specific variables, such as belonging to a community group, being older, and being more educated (Table 9).

The amount spent on these products is substantial, according to survey responses. Nearly half of respondents say they spend about US\$180/month, equaling an average of US\$2172 a year. This consumption of nostalgic goods is 5% of an average annual income of US\$40,000. The table below shows the range of amounts spent monthly among Albanian migrants (Table 10).

These are the responses given by participants based on their estimate of the products they purchase and their knowledge of the origin of these products. However, not all products purchased may be of strictly Albanian origin. In Table 9, for example, it is unlikely that Burek, a filled pastry made of phyllo dough, is actually imported from Albania. Rather, it is more likely that this product is made in the

¹⁸For more detail, see Orozco, *Migrant Remittances and Development in the Global Economy*, Lynne Rienner Publishers, Boulder, 2013.

Table 9 Top 15 Albanian products consumed by Albanians in the United States

Product	Top product
Meat	16%
Cheese	13%
Beer	10%
Alcohol	8%
Coffee	7%
Dessert	5%
Burek	3%
Sausage	3%
Bread	2%
Clothing	2%
Music	2%
Olive oil	2%
Pickled vegetables	2%
Religious items	2%
Souvenirs	2%

Source: Survey of 205 Albanian Migrants, Inter-American Dialogue, Spring 2015. n = 128

Table 10 Distribution of monthly expenses on Albanian nostalgic goods

Range	Response
Less than \$100	56%
\$100–\$200	15%
Over \$200	29%
Average	US\$181

Source: Survey of 205 Albanian Migrants, Inter-American Dialogue, Spring 2015. n = 104

United States in the Albanian style. As another example, when U.S. customs data on imports of Albanian origin food products is compared with what the Albanian diaspora reports, there are some inconsistencies (Tables 11 and 12).¹⁹

Although many Albanians cited cheese as a nostalgic good, customs data shows no import value for that item. The Trade Commission data may suggest a few things:

- Many people may have reported purchasing Albanian cheese, but they may be referring to Albanian-style cheese from Bulgaria, Kosovo or Greece
- Not all imported goods considered as Albanian may be coming from Albania but rather from other Balkan countries, or
- These products were brought informally—a typical practice when trading markets are not fully established—or
- These products once at the local store were given a higher price in order to cover distribution and retail store revenues and get higher profit.

¹⁹Interviews and site observations at local Balkan grocery stores also confirm these findings. Many grocers, for example, explained that Albanian style cheese actually comes from Bulgaria. They also mentioned that some Albanian-style sausages are actually produced in the United States.

Table 11 U.S. imports of Albanian commodities

Description	2014, US\$
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	41,422
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	13,112
Articles of apparel and clothing accessories, not knitted or crocheted	2862
Iron and steel	2587
Footwear, gaiters and the like; parts of such articles	2574
Coffee, tea, mate and spices	854
Articles of apparel and clothing accessories, knitted or crocheted	811
Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut)	637
Edible vegetables and certain roots and tubers	578
Other (aluminum, wood, electrical machinery, oils and resins)	3531
Total	68,969

Source: <https://dataweb.usitc.gov/scripts/REPORT.asp>

Table 12 Imports of Albanian products reported at customs

Item	Declared customs value of imports from Albania, 2014 (US\$)
Cheese	0
Desserts and sweets	7858
Meat	0
Coffee	46,696
Sausage ^a	0
Bread	0
Beer	14,336
Raki	7055
Flour and baking materials	15,048
Olives	10,354

Source: U.S. International Trade Commission Data, Declared Customs Value of Imports for Consumption, Actual Dollars, 1996–2014, Select Products

^aStores carry a variety of sausage products that appear to be imported from Albania. The fact that they do not appear among U.S. International Trade Commission data suggests that (a) they may be mislabeled or mis-categorized in customs data, or (b) they may actually be produced in the United States

6.4 Shopping for Albanian Products: The Demand Side

These commodities are supplied by a network of ethnic stores of predominantly Balkan origin. The demand for these products, however, is met by a range of supply-side challenges that make it difficult for Albanians to purchase these commodities on a regular basis.

Table 13 When shopping for imported Albanian products, most important considerations

Consideration	(% of each option) ^a
The cost of the product	11.3
The fact that it's from my country	46.0
The quality of the product	40.3
The uniqueness of the product	9.7
Religious reasons	1.6
Other	48.4

Source: Survey of 205 Albanian Migrants, Inter-American Dialogue, Spring 2015

^aMore than one answer was possible. n = 128

Table 14 Frequency of purchase

Frequency of purchase	%
Two or more times a week	7.0
Once a week	25.2
Every 2 weeks	10.4
Once a month	25.2
Less than once a month	28.7
Other	3.5
Total	100.0

Source: Survey of 205 Albanian Migrants, Inter-American Dialogue, Spring 2015. n = 115

Albanian migrants consider a number of factors when shopping for nostalgic goods. The country where the product is from and the quality of the product are their most important considerations. The majority of respondents reported shopping for Albanian products at least once a month, as the tables below show (Tables 13 and 14).

Thirty-eight percent of all respondents shop for Albanian products at local Albanian stores in the United States. Some respondents also shop at local Balkan stores, as well as at other types of local stores. In surveys, respondents commented that several large American chain stores (e.g., Walmart) carry Albanian products in neighborhoods where many Albanians live (Table 15).

6.5 A Challenging Environment on the Supply Side

As mentioned earlier, when compared to the demand, the supply of Albanian nostalgic products to diaspora communities in the United States is very incipient. Imports have not yet caught up with demand. In fact, nearly half of Albanians in the U.S. report difficulties in finding their favorite Albanian products. Suppliers are few and far between, with limited geographic coverage and product availability.

Surveys show that the main reasons for not consuming Albanian products are related to availability. Either consumers cannot find the desired products (33.8%), or they have to bring them from Albania themselves (9.9%), or the stores that sell them

Table 15 Shopping location for Albanian products

Shopping location	%
Local Albanian store	38
Local Balkan store	18
Other type of local store (American store, Italian store, etc.)	23
Online	2
Other	20
Total	100

Source: Survey of 205 Albanian Migrants, Inter-American Dialogue, Spring 2015. n = 128

Table 16 Reasons for not consuming Albanian products

Reasons mentioned	%
Cannot find the desired products	33.8
The stores are far away	5.9
Found good substitutes among products from other countries	22.1
Does not miss Albanian products	13.2
Not sure	14.7
Brings products from Albania	11.8
Other reasons	17.6

Source: Survey of 205 Albanian Migrants, Inter-American Dialogue, Spring 2015. n = 128

are too far away (5.9%). These responses point to a variety of issues with supply. “If I could find Albanian things, I would buy them,” many respondents reported (Table 16).

The limited availability of Albanian products was further confirmed through visits to local stores in Michigan, New York and Boston. In some cases, Balkan groceries did not carry a single Albanian product, even though the main customers were Albanian. Moreover, even Albanian groceries owned by Albanian families carry only 1–5 Albanian products, as the table below shows. Product supply varied a great deal by location, and only two stores provided the largest supply of Albanian products. The Detroit, Michigan metropolitan area has limited availability of a few products. Boston, Massachusetts has almost no Albanian products, according to surveys and interviews. What comes across is that even though the demand for products extends to more than a handful of products, suppliers only carry a few of them (Table 17).

Nearly half of Albanians in the U.S. report difficulties in finding their favorite Albanian products. Respondents in Massachusetts and Michigan reported having more difficulty than those living in New York, which has greater availability of products. What is important to note is that people are having difficulty finding even those most common Albanian products (Table 18).

Table 17 Supply of Albanian products by local stores

	Albanian products	# Albanian products available	Specific Albanian products of note	Products from other Balkan countries
<i>Detroit and vicinities</i>				
Euro Mini Mart	Yes	1–5	Fig jam, pickled vegetables	Yes
European Beverages	Yes	1–5	Wines	Yes
La Grusa Meat and Fruit Ranch	Yes	1–5	Wines	Yes
Max’s Retail and Imports	No ^a			Yes
Studio Malesia	Yes	50+	Artwork, musical instruments, CDs, soccer balls, flags	Yes
Zahi & Issa Mediterranean Market	No ^a			Yes
<i>New York City and vicinities</i>				
Albanian-American Deli	Yes	5–10	Mountain tea, herbs, fig jam, olive oil	Yes
AlbanianShopping.net	Yes	50+	Sausage, gifts, books, souvenirs	Yes
Briska Grocery	No			Yes
Euro Foods Scalinada	No			Yes
Kosovo Deli	No			Yes
La Cantina Wines and Liquor	Yes	1–5	Wine, Raki	No
Mergimtari	Yes	5–10	Fig jam, ajvar, coffee, cookies, sausages	Yes
Stepping Out: Gym Locker Sports	Yes	1–5	Soccer scarves, soccer hoodies	No
Teitel Brothers	No			No

Source: Interviews with Albanian Businesses, Inter-American Dialogue, Spring 2015

^aOnly “Albanian-style” products from other Balkan countries

6.6 Opportunities for Growth

A majority (72%) of businesses said they would consider adding Albanian products in the future, pointing to an important opportunity to expand the current supply. Stores that do not currently offer Albanian products mentioned that their Albanian customers have requested Albanian coffee, jarred vegetables, and cheeses. One in three stores reported difficulty in finding the Albanian product(s) that their customers request. One store manager, who does not currently supply Albanian products, said that “if you could find me a manufacturer of Albanian feta cheese, I would definitely be interested.” There also may be opportunities to expand the offering of products through online retail. One business owner noted that online shopping can make a wider variety of Albanian products available. It can also make Albanian products

Table 18 Difficulty in finding products

Difficulty finding Albanian products	% All responses
All respondents from cities in key states where research was done	47.8
Respondents in Massachusetts (Boston)	76.3
Respondents in Michigan (Detroit)	53.3
Respondents in New York (Manhattan, Bronx, Yonkers, etc.)	29.4
Most mentioned products that are difficult to find: Meat & Dried Meat, Desserts & Sweets, Cheese, and others	
^a For products, more than one response was possible	

Source: Survey of 205 Albanian Migrants, Inter-American Dialogue, Spring 2015

accessible to Albanian Americans outside of New York—namely, those living in the Boston and Detroit metropolitan areas.

6.7 Challenges to Expanding Current Offerings

In interviews, Albanian American business leaders highlighted problems with paperwork and “red tape” in terms of importing Albanian goods. Distrust, informality, and issues with customs inspections were mentioned as reasons why they do not currently do business with Albania.

One import manager noted that he imports and distributes coffee from every Balkan country except for Albania. This dates back to a failed business deal he had with an Albanian coffee company, he explained. After months of discussion, negotiation, and organization, the first shipment was in place. However, at the last minute, the Albanian company tried to change the terms of their agreement and raise the price. At this point, the U.S.-based importer walked away from the deal. He attributed the breakdown to a lack of “longstanding business relationships” with Albania, which has only recently engaged in global trade. Without the personal relationships, there is no sense of trust, and deals can easily fall through.

There are also issues with informality, as another businessman explained. In his dealings with a larger Albanian company, he found them unfamiliar with contracts, and hesitant to develop a formal written contract. It took considerable efforts, both in the United States and in Albania, to write and sign a contract formalizing their business relationship. He attributed this to a “different way of doing things,” whereas the importer, who had been in the U.S. for over a decade, had “gotten used to the American business world.” Ultimately, the deal fell through because the Albanian producer could not supply the product in the quantity desired on a regular basis.

Finally, there are challenges related to customs inspections, according to several interviews conducted. Since Albania is a small and relatively new exporter, the Food and Drug Administration “does not look kindly” on Albanian products, according to one businessman. They may question that the shipment contains what it says it contains.²⁰

U.S. customs officials may also question the quality of the product, especially if it is a food product. In some cases, Albanian products lack English labels, or have poorly-translated labels, which can make normal food items seem suspicious or low-quality to inspectors, the businessman explained. Another study showed that for the Albanian diaspora, importing Albanian goods was complicated due to obstacles in transportation costs, reliable partners back home and product standards.²¹

7 Aligning Diaspora Engagement and Best Practices

Transnational engagement faces different challenges and problems; nostalgic trade is only one example. Addressing the challenges and opportunities provides a pathway to promote development in a holistic way.

For countries like Albania or El Salvador, where there is significant dependence on migrant economic activities, the urgency of acting is imperative. Home countries, international organizations, and donors would do well to evaluate opportunities, needs, and options with regards to diaspora engagement. The more clarity they have about the hierarchy of needs, the more efficient and impactful the initiative will be.

Determining whether any of these migrant activities are challenged by barriers, or present important development opportunities, is of central importance. For example, despite the fact that more than half of Albanians in the U.S. have a demand for more than 30 commodities, local stores usually only supply one sixth of those, and that with difficulty.

Often the challenges and opportunities are not adequately diagnosed. Sometimes a country takes a first step in designing policies based on untested assumptions about migration and its economic significance. For example, governments assume that diasporas are wealthy and would by default invest in their home country economies. In the case of Albania, for example, there is no awareness of the size of the demand for Albanian commodities. Both challenges and opportunities should be weighed against the costs and benefits offered by the ways in which each policy issue can be addressed.

²⁰For more on Albanian criminal organizations and why Albanian shipments might be of interest to U.S. authorities, see <https://goo.gl/dWstEJ>

²¹For more detail, see <https://goo.gl/L7Cci5> Page 33, Figure 42.

8 Policy Recommendations

Currently, the nostalgia trade occurs in a dynamic, if fragmented, marketplace that functions thanks to the hard work and entrepreneurial spirit of a number of small businesses. Unfortunately, the larger impacts of the nostalgia trade—for consumers, for businesses, and for international development—are poorly understood and often overlooked.

Policy makers and development practitioners would do well to take note, however. Imported, home-country products may represent more than existing official figures. More importantly, the lack of product availability and quantity could be addressed by pointing to some initiatives that can be sponsored by the home-country government or the donor community:

- Conduct in-depth market research on migrant consumers and their demand for home-country products,
- Identify businesses producing in-demand products,
- Offer business coaching (with a transnational focus),
- Educate and train small and medium sized producers on foreign market requirements,
- Develop product branding,
- Market home-country products to a larger audience,
- Organize trade fairs and promotion events;
- Pilot a diaspora-donor nostalgic trade partnership.

These are recommendations that can be used to strengthen the size, functionality, and impact of the nostalgia trade. These recommendations can be used by governments, international organizations, and the donor community to strengthen the development impact of an existing marketplace, such as the case of El Salvador, or to help boost a very incipient nostalgic trade, as in the case of Albania.

Part II
Positive and Negative Economic Activities
in Diaspora Networks

Transnational Investments of the Tunisian Diaspora: Trajectories, Skills Accumulation and Constraints



Sylvia Garcia Delahaye and Gabriela Tejada

Abstract This chapter is based on recent empirical data on Tunisians living in Switzerland. It focuses on their migration pathways and experiences, and it examines their propensity to engage in entrepreneurial and business activities in their home country. Despite the hopes generated by the revolution of 2011, many people in Tunisia, especially young males from disadvantaged regions, have not enjoyed the positive changes in employment opportunities and professional prospects. This has led to them emigrating to Europe to ensure an income for themselves and their families back in Tunisia. An online survey accompanied by follow-up interviews enabled us to observe the experiences of Tunisian diaspora entrepreneurs and their current and potential future transnational business and investment activities. This chapter shows how the internationalization and accumulation of networks and skills by Tunisians, resulting from the multiple destinations they traversed before arriving in Switzerland, has influenced their professional capacities and their business and entrepreneurial projects in Tunisia. Tunisians feel a strong motivation to contribute to the development process in their home country, and they tend to invest and open businesses in their villages of origin. Several enablers and obstacles that influence their actions are observed. The conclusions include a number of policy recommendations based on the experiences and aspirations of these Tunisians.

1 Introduction

The current international migration context, influenced by the intensity of globalization, innovative forms of interconnections and the power of networks, the transnationalisation of processes (Faist et al. 2011; Portes and Yiu 2013), and continuing disparities in opportunities for progress and development among countries and regions, has given rise

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to new actors and new dynamics in international relations. Specifically, in the area where migration and development converge, diasporas (Cohen 1997; Sheffer 1986) or transnational communities (Wickramasekara 2010) have gained relevance as the result of an increasing recognition of the actual and potential benefits that their interventions have for both the countries of origin and those of destination.

The focus on the actions of diasporas in their different forms and effects has led to significant growth in both the body of academic work and political discussion over the past two decades or more. Four elements characterize the current approach. Firstly, the paradigm of brain gain, which seeks to reduce the negative effects, and maximize the potential benefits of the movement of the migrants' human capital, is reliably anchored in an understanding of the links between migration and development. Secondly, although the "diaspora option"—understood as the capitalisation of diaspora resources for home country development (Meyer 2001; Newland 2010; Tejada 2012; Vazari et al. 2014) has become a central issue on national and international cooperation agendas, the crucial challenge is to find effective ways to move forward from administrative provisions, such as mapping studies or inventories of skills, to the definition of road maps and applicable mechanisms that can enable sustainable cooperation with diasporas (Meyer 2014; Agunias and Newland 2012). Thirdly, the alternative of a return of competences through connections and remote collaborative interventions often complements the resurgent interest in the physical return of human capital (Tejada et al. 2014; Siddiqui and Tejada 2014). Lastly, since migration effects are mostly felt at a local level, local public authorities have become important key players in the implementation of cooperation instruments together with their diasporas (IOM and UNDP 2015; JMDI 2015).

Several recent examples show the determination of countries to tap into the resources and expertise of their diasporas by establishing programmes and tangible instruments to engage them in actions that will eventually benefit their localities of origin. One such case is the recent creation of associations of Moldovan natives in a number of villages and towns in Moldova, which have stimulated a powerful "giving-back" attitude.¹ Another example is the establishment of the Diasporas Affairs Bureau in Ghana in 2014 to foster collaboration with the diaspora in accordance with national strategic plans. The Mexican "Strategy of financial inclusion of migrants"² promotes investments by Mexicans abroad in business or entrepreneurial projects in rural areas of Mexico. Finally, examples in the Caribbean region show how a number of countries are currently addressing the development role of diasporas in their national development plans. Some have also introduced diaspora investments programmes that provide business and mentoring support to diaspora members; one such example is IntEnt in Surinam (Minto-Coy 2016b).

¹This was implemented with the support of the Migration and Local Development Programme (MiLD) of UNDP office in Chisinau. http://www.md.undp.org/content/moldova/en/home/operations/projects/inclusive_growth/integrated-migration-local-development-project/ (retrieved on 18 July 2016).

²<http://www.financierarural.gob.mx> (retrieved on 18 July 2016).

In the light of these considerations, this chapter is based on recent empirical data on Tunisians living in Switzerland. It focuses on their migration trajectories (understood as the mobility process that covers the different itineraries that migrants follow and which are influenced by both personal and contextual circumstances), living conditions, competences and resources, and it discusses their propensity to engage in entrepreneurial and business activities in their home country. Despite the hopes generated by the revolution of 2011 that ended the repressive rule of President Ben Ali, the positive changes in terms of employment opportunities and professional prospects in Tunisia have not been evident to many people, especially young men in disadvantaged regions. This has resulted in these people emigrating to Europe in order to ensure an income for themselves and their families back in Tunisia.

An online survey supplemented by follow-up interviews enabled us to outline the parameters of Tunisian diaspora entrepreneurs and their current and potential future transnational business and investment activities.³ By examining their migration routes, we saw that Tunisians follow multiple paths before they arrive in Switzerland. At every stage, they establish social links and accumulate considerable social capital [understood as “the ability of actors to secure benefits by virtue of membership in social networks or other social structures” (Portes 1998: 6)], and this influences their professional capacities and their business and entrepreneurial projects in Tunisia. We observe how the spontaneous and individually-based nature of Tunisian diaspora investments and business creation is mainly centred on personal determination, and we also look at how it remains independent of the new policy framework supporting diaspora endeavours. This is partly due to a lack of trust in public policies linked to the Ben Ali regime, and ongoing corruption in the country.

The purpose of the original contribution of this chapter is twofold. First of all, it provides original data on the migration trajectories and host-country experiences of Tunisians living in Switzerland, collected during a time of political transition in Tunisia. Secondly, it provides us with a better understanding of the mechanisms that diasporas use to contribute to development, by looking at migrants’ investments and the influence that their foreign-earned skills has on their motivation to start a business in their home country, and it also examines the enablers and obstacles that influence their endeavours.

³The data were collected during 2013 as part of a mapping study carried out for the CTRS for Development Project commissioned by the Swiss Agency for Development and Cooperation (SDC). The overall aim of the project is to encourage the implementation of mechanisms that can capitalize on the social and financial resources, capacities and skills of the Tunisian community residing in Switzerland. <http://www.ctrs.ch/> (retrieved on 18 July 2016).

2 Diaspora Home-Country Investments in the Migration and Development Nexus

Within the migration and development nexus, the emphasis on financial remittances as a form of migrants' capital and savings flow has dominated the academic literature on diaspora home-country investments (Agunias 2006; Ratha 2009; Vaaler 2011). Elo and Riddle (2016) refer to diaspora investments as cross-border business-directed investments flows transacted by diaspora in their home country. Diasporas investments stretch beyond remittances and are considered as quite heterogeneous in their forms, origins, generators and effects. Empirical studies show how both investing capital in existing businesses and/or setting up new ventures in the regions of origin are becoming popular as ways for diasporas to stimulate economic development in their home countries (Portes et al. 2002, Brinkerhoff 2008; Newland and Tanaka 2010). A new stream of research has tried to find out more about what motivates diasporas to invest in their country of origin, either as individuals or in groups, and to identify the elements that determine why the level of investment and entrepreneurial commitment diverges substantially from one country to another (Crush et al. 2013; Nielsen and Riddle 2007; Nkongolo-Bakenda and Chrysostome 2013; Elo and Riddle 2016). Studies propose focussing on contextual factors in local contexts in the home countries as well as on the social and emotional aspects that influence the decision-making process of migrants. For example, Elo and Riddle (2016) see the investment drivers of individuals as involving aspects related to the investor's life cycle and political and sociocultural settings. In a similar vein, Galetto (2011) concludes that it is the interaction among diverse factors that influences the level and type of engagement by diaspora investors and entrepreneurs.

At a conceptual level, the diaspora is seen as a group united by a common ethnic identity and a collective relationship of solidarity towards the country of origin (Bordes Benayoun and Schnapper 2006), which is capable of simultaneously making valuable and creative contributions to the country of origin and to the country of destination (Cohen 1997; Sheffer 1986). The simultaneous presence or transnational identity of the diaspora (Vertovec 2001; Portes 2001; Levitt and Glick-Schiller 2004) results in their behaviour and their entrepreneurial projects being affected by the incentives and conditions of the multiple national contexts in which they act. Moreover, recent studies have observed that the social capital that migrants have accumulated through multiple migratory paths also influences their actions and determines the risks that they face and their opportunities to invest and set up businesses in their countries of origin (Smith 2011). As such, social capital is seen as encompassing the individual's obligations and expectations in the form of resources or capital invested in someone for future use (Bourdieu 1986).

In order to understand the motivations and specific determinants that favour investment by the diaspora, it is important to observe the differences in their nature, in other words whether they are individual or collective (Elo and Riddle 2016). On the one hand, the aim of the actions of individual migrant investors or those of members of families is to create a sustainable livelihood for themselves and to improve their

quality of life. On the other hand, the collective actions of diaspora organisations are motivated by a common interest to contribute to the development of their communities of origin, mainly through social infrastructure projects. While the former are spontaneous and informal on occasions, the community projects of the latter are based on formal structures and operate as diaspora associations (Tejada 2012).

At a policy level, several countries have implemented schemes to assist diaspora entrepreneurship and promote productive investments for the benefit of the broader society. The Mexican Three-for-One Programme⁴ is one example of this; the scheme matches every dollar from a migrant Home Town Association (HTA) with one dollar each from the federal, state, and municipal governments, channelling resources to the execution of projects that have a social impact in the communities of origin. The case in point of the Mexican HTAs shows that a higher level of organization translates into a greater capacity to reach institutional support (SEDESOL 2014). A similar scheme implemented by the government of Moldova, known as the Pare 1+1 Programme,⁵ matches the investments of individual migrants and is intended to create jobs and businesses in local communities that have been hard hit by emigration. In the Caribbean region, even though several countries have started to implement policies that facilitate diaspora engagement in various forms, the private sector has already been involved for a long time, with diasporas acting as investors, entrepreneurs and partners in their international businesses (Minto-Coy 2016b). These and other examples show how the organisations that support diaspora entrepreneurship play various roles, either by providing contacts with actors linked to the businesses or else by establishing strategic associations that offer business opportunities with a long-term impact (Newland and Tanaka 2010; Elo and Riddle 2016). Even though governments increasingly recognise the value of the entrepreneurial and investment actions of the diaspora, experience has shown that both a peaceful and a stable national context with basic infrastructure, and a series of supporting public policies are necessary elements to promote them. As Portes and Yiu (2013) rightly point out, the socio-political context of the countries is decisive when determining the structure of the opportunities that encourage migrants to use their talent and motivates them to contribute to the socio-economic advancement of their place of origin.

3 Tunisian Migration and Country Policies on Migration and Development in the Post-revolution Context

Tunisia has been a major emigration country within the Mediterranean region for many years. According to estimates from the Office of Tunisians Abroad (OTE), some 1.2 million Tunisians live overseas out of a total population of over 11 million.⁶

⁴<http://www.ime.gob.mx/ca/programa-3x1>

⁵<http://finantare.gob.md/ro/content/programul-de-atragere-remitentelor-economie-pare-11>

⁶The last available data are from 2012 only <http://www.ote.nat.tn> (retrieved 11 July 2016).

Over the last number of decades, Tunisian emigration has primarily been dominated by labour migration, with the traditional destinations being the countries of Western Europe and those in the Maghreb region. Today, the main host countries in Europe are France, Italy, Germany, Belgium-Luxembourg, and Switzerland.⁷

The poor performance of the domestic labour market and a deficient democratisation process are the main reasons for the persistence of labour emigration flows from Tunisia (Di Bartolomeo et al. 2010). The intensification of regular and irregular Tunisian emigration in the past few years is proof that the hopes raised during the January 2011 revolution have not been sufficient to build a source of revenue and counteract unemployment and the lack of professional opportunities. This situation mostly affects young Tunisians in disadvantaged regions who emigrate to Europe in search of opportunities that can provide them and their families with a better livelihood (Boubakri 2013). In more recent years, rising unemployment among tertiary-educated youth has led to new flows of students and high-skilled emigration, especially to Germany and North America. These people leave to improve their education and their professional prospects and they plan to eventually return to Tunisia once their migration project has been accomplished.

With regard to Switzerland as a destination country, the most recent data from the Swiss Federal Office for Migration (ODM) show that there were 7305 Tunisians living in Switzerland at the end of May 2016 (2893 women and 4412 men).⁸ In terms of location, the vast majority of these people tend to settle in urban French-speaking or bilingual regions. The main reasons why Tunisians emigrate to Switzerland are professional prospects, family reunification, further education, political oppression and a lack of opportunities in Tunisia; the emigrants hold various professional profiles and levels of education (Tejada and Garcia Delahaye 2014).

Before the revolution, the Tunisian government established a political strategy whose goal was to supervise the Tunisian diaspora and provide it with social assistance while strengthening cultural ties with Tunisians abroad, and encouraging investments and financial remittances. Furthermore, the establishment of an information system aimed at keeping Tunisians abroad abreast of developments in Tunisia functioned as a method of state control by the Tunisian state (Zekri 2004; Di Bartolomeo et al. 2010). After the country's first free elections in late 2011 and the adoption of a new constitution in early 2014, the local authorities were faced with new challenges to establish consequent strategies to manage emigration and promote stable connections with Tunisians abroad as a means of channelling migration for regional and national development. The creation of the Secretary of State for

⁷Other main destination countries outside Europe include Libya, the United Arab Emirates and Algeria in the Arab and Maghreb regions; and Canada and the USA in North America. <http://www.ote.nat.tn> (retrieved 11 July 2016).

⁸This total includes 7275 permanent residents and 30 total non-permanent residents. The total only includes people with Tunisian nationality and excludes those with double Tunisian-Swiss nationality. Swiss Federal Office for Migration; <https://www.sem.admin.ch/sem/fr/home.html> (data extracted on 18 July 2016).

Migration and Tunisians Abroad (SEMTE) in 2011⁹ showed the special interest that the transitional government had in promoting the impact of diaspora resources for long-term sustainable development as a national priority. The purpose of SEMTE is to support the initiatives of migrant associations and reinforce links among Tunisian diaspora communities. Encouraging financial remittances [which amounts to 4.2% of GDP (SEMTE 2013)] and promoting diaspora investments in the agriculture, industry and services sectors¹⁰ lie at the core of this strategy.

Other recent government efforts have focused on controlling and managing migration because of the increase in irregular migration flows. Some related policies include encouraging and regulating the recruitment of Tunisian nationals abroad and dissuading Tunisians from irregular migration through increased information and awareness-raising campaigns (Boubakri 2013). Another relevant policy issue is the Mobility Partnership signed by the Tunisian government and the European Union (EU) in 2014. This was established in the light of EU security concerns resulting from the Arab uprising and the potential threat of large-scale population movements or refugee crises (Seeberg 2014; Carrera et al. 2013). This policy framework regulates future cooperation, mainly within the area of migration with its control-oriented component, but also in issues linked to migration and development.

Looking at how migration and development is approached from a host-country perspective, such as that of Switzerland, is important in terms of understanding the economic and political context that allows Tunisians to become productively involved in their country of origin. As Hercog (2014) has indicated, the institutional environment and policies of the migrants' host countries may play a crucial role in terms of migrants' opportunities to gain relevant expertise and to mobilise. Switzerland's international cooperation positions the migration and development nexus as a strategic objective of its development agenda, concretely through the Global Programme for Migration and Development of the Swiss Agency for Development and Cooperation (SDC), which seeks to reduce poverty in the countries of origin. Collaboration is based on the concept of partnership, aimed at reducing emigration pressures (Hercog 2014). Up to now, migration partnerships have been formalised with a handful of countries, including Tunisia. In Tunisia's case, the focus is on improving living conditions and employment opportunities by providing technical assistance within various areas. An important component of this cooperation is advising the Tunisian government about how to include diaspora communities in its development strategies.

Both SDC and SEMTE are very recent policies, and it is too early to assess their impact on enabling diaspora investments and business creation. Nevertheless, Tunisians in Switzerland engage in their home country through the systematic transfer of financial resources and the establishment of businesses there. However,

⁹<http://bledi.gov.tn/fr/secretariat-d-etat-aux-migrations-et-aux-tunisiens-a-l-etranger> (retrieved 12 July 2016).

¹⁰<http://bledi.gov.tn> (retrieved 12 July 2016).

this engagement is mainly the result of individual entrepreneurial will and personal determination with no actual public-policy backing.

4 Empirical Evidence of Tunisians in Switzerland

The rest of the chapter draws on an analysis of the migration trajectories of Tunisians, their living experiences in Switzerland and the determinants of their contributions to their localities of origin. The data presented here were collected during 2013 using a primary on-line survey applied to members of the Tunisian community residing in Switzerland (TCRS).¹¹ Qualified Tunisians had to be at least 18 years old. Respondents were asked both closed and open questions about their migration trajectories, their life conditions and experiences in Switzerland, their associative activities and their links with Tunisia, their future projects and their perceptions of their role in the development of their home country. They were asked to provide specific recommendations for both the Swiss and the Tunisian governments about the best ways to encourage diaspora contributions. The data were recorded, processed and analysed on a software platform. The survey was answered by 192 Tunisians. To complement this, 41 qualitative semi-structured face-to-face interviews were conducted.¹² The primary results of the survey were used to select questions for the interview screening. The main themes of the interview screening were about the following aspects: personal migration itinerary, experiences in Switzerland, professional activity experience, ties with Tunisia and their potential impact in terms of Tunisia development projects. All the interviews were recorded. Each retranscription was analysed by focusing on the recurrence of the interviewees' experiences, perceptions and aspirations as potential actors of development in Tunisia and in Switzerland.

Both formal and informal channels were used to recruit the sample and these included: email invitations sent to representatives of Tunisian Associations and the Tunisian Embassy in Bern, who helped to distribute them; social networks (Facebook, LinkedIn, Twitter, etc.); distributing leaflets with information about the project at Arab cultural centres in various cities, etc. The data were collected between July and November 2013, during a period of difficult political transition that divided society according to political affiliations. This division was palpable in the political and social discussions of the time, and in the confronting emotional opinions that the members of the diaspora had about their perceptions of the role they should play in

¹¹Based on residence status, this mainly comprised four groups: 1) people with dual Tunisian and Swiss nationality; 2) permanently resident Tunisians; 3) non-permanently resident Tunisians; 4) Tunisians with non-regular status and asylum seekers.

¹²Out of a total of 41 interviews, 27 were conducted with Tunisians who came from the first three groups mentioned above; 5 interviews were conducted with Tunisians who held non-regular status and/or were asylum seekers; and 9 additional interviews were conducted with representatives of Tunisian diaspora associations, the Tunisian Embassy in Bern, and the Tunisian-Swiss Chamber of Commerce and Industry.

the development of their home country and the opportunities that they thought the post-revolutionary context might bring.

We need to take some limitations of the study into consideration when interpreting the data. Firstly, the short timeframe in which the data were collected meant there was an unbalanced representation of the main groups of members of Tunisian community residing in Switzerland included in our definition of target group. Secondly, the political situation in Tunisia during the course of the study had an emotional impact on the opinions and perceptions of Tunisians. It is therefore important to place the study within the political context of the transition in which it was completed. Accordingly, we need more studies in order to have a better overview of Tunisian groups living in Switzerland and their feelings and attitudes towards the changing context in Tunisia.

The following sections present some of the observations of the survey and some testimonies of the Tunisians who were interviewed.

4.1 Migratory Paths

Tunisians born abroad started to arrive in Switzerland back in the 1940s. The numbers increased during the early years of the twenty-first century, especially after 2010 with the onset of the crisis and the end of the Ben Ali regime. Regardless of the period of their arrival in Switzerland, the main reasons why people come are: professional opportunities (e.g. a job with an international organisation), family regrouping, studies, political oppression (especially during the Ben Ali regime) and the precariousness of life in Tunisia (particularly for migrants from less privileged social backgrounds). The analysis of the migratory paths of the members of the TCRS allows us to highlight three main themes related to the opportunities and investment possibilities of this community in Tunisia: the mobility and internationalisation of social networks, risk taking through migration, and a project to return.

The mobility and internationalisation of the social networks of the members of the TCRS are noteworthy elements within the context of their migratory paths. Indeed, the mobility of this community, which establishes itself in different countries and regions of the world before arriving in Switzerland, reveals multi-site life and family itineraries. These multi-site paths enable the development of social ties and the acquisition of skills (professional, technical and social) that come into play simultaneously in Switzerland and in Tunisia. These networks are not only favourable to migration but they also favour the development of professional careers and the implementation of investment and entrepreneurial projects through funding that is also multi-site (Cassarino 2000). The migratory paths are therefore influenced by the social relations of the members of the TCRS outside the country and not exclusively with Tunisians. With regard to the importance of social networks for the professional careers and development of investment or entrepreneurial projects, this involves all social and professional categories and includes students.

Furthermore, the multi-site paths and accumulated networks and interconnections of diasporas also have a propensity to facilitate the growth and internationalisation of businesses from home countries. This is particularly beneficial for small and medium size companies from (small) developing countries that find it harder to identify new markets as part of their internationalisation endeavours, as shown by Minto-Coy (2016a, b) in their examples of the Caribbean diaspora.

“Risk taking” through migration is more significant among young males from more modest social backgrounds who support their families back in Tunisia by going to Europe. Their contribution takes the form of regular transfers of money to cover everyday expenses, improve the living conditions of the family and develop family businesses in Tunisia. It should be emphasised that these transfers are dominant in the accounts of migrants from poorer social backgrounds in contrast to the testimonies of those members of the TCRS who came from more middle- and upper-class backgrounds.

Switzerland has become the main country of attachment for permanent residents from all social classes. However, “permanent resident” status also offers the possibility of multi-site life and family trajectories. Indeed, this status is a guarantee of security—the security of being able to return to Switzerland—which is necessary for the development of personal, professional and family projects in other countries. Therefore, the migratory paths of permanently-resident Tunisians simultaneously reveal a search for personal and professional security as well as important social bonds in Switzerland and other countries. For this group in particular, “risk-taking” as part of a temporary project to return to Tunisia is weak and wilfully assessed.

In the accounts we gathered, there was very little mention of **a project for a permanent return to Tunisia**. This pattern relates to structural questions in Switzerland (the quality of life and professional opportunities) and in Tunisia (limited professional opportunities, the economic crisis and the instable political climate linked to the end of the dictatorship, the revolution and the transition to democracy) and to the effect of TCRS mobility. The career path, age, duration and residence permit of the Tunisians are some of the determining factors and reasons for remaining in Switzerland. For instance, the residence permit is an important factor of non-return to Tunisia for the “risk taking” group, as they probably wouldn’t be entitled to come back to Switzerland with a work permit. Therefore, non-return to Tunisia does not result in a disengagement between this community and the country of origin. On the contrary, this engagement is tied to the living experience of the TCRS members in Switzerland and their attachment to Tunisia.

4.2 Experiences in Switzerland

The analysis of the situation and the living experiences of the members of the TCRS in Switzerland is essential to understanding the investment and entrepreneurial possibilities in Tunisia. Indeed, the mobilisation of resources by migrants does not depend solely on their personal profile, their training or their professional activity,

but rather it depends equally on the environment and the opportunities offered by both the host country and the country of origin. To measure the experiences lived by Tunisians in Switzerland, it is important to observe their level of satisfaction with living conditions and learning, employment, investment and entrepreneurial opportunities in their host country. The factors of cultural and professional integration in Switzerland must also be taken into account, especially access to the jobs market, residency status and a sense of belonging.

4.2.1 Degree of Satisfaction in Relation to Local Conditions

Most of the participants believe that living conditions are better in Switzerland than in Tunisia in terms of salaries, professional and career opportunities, equal opportunities for men and women, the honesty and integrity of politicians, the quality of the social, educational and cultural systems, the living environment as well as better future perspectives for their children. On the other hand, social life is generally considered to be more attractive in Tunisia than in Switzerland. While some of the Tunisians who were surveyed value the Swiss context for the freedom, range of choices and learning opportunities that it offers, which also allows them to develop personal and/or professional skills, others see Switzerland as little more than a place of work.

Generally, we see that most Tunisians in Switzerland hold a positive view of their country of residence, particularly with regard to employment, academic training, the quality of the social system, infrastructure and the living environment. However, many of them feel that it is difficult to do business and set up business there. They highlight the fact that this country does not give enough encouragement to migrants as potential entrepreneurs and vectors of commercial and cultural exchange. This feeling questions Swiss public policies on migration and diaspora, and more generally, it disputes the place and the role given to the migrants in this country. The possibility of integration, a tolerance of foreigners and access to a residence and work permit also received negative evaluations. These negative elements represent obstacles for the development of the investment and entrepreneurial projects of the members of the TCRS in Switzerland and in Tunisia.

4.2.2 Access to the Labour Market and Entrepreneurial Activities

Access to the jobs market plays a central role in the integration of the members of the TCRS in Switzerland as well as in their capacity to invest in their country of origin. The majority of the Tunisians surveyed are currently satisfied with their salary and their professional position. They believe that their professional position corresponds to their skills and qualifications. Nevertheless, some of them are experiencing difficulties to enter the labour market. A lack of professional experience, the limited social network, precarious residence permits, the obstacle posed by the language, limited employment possibilities for foreigners are some of the barriers in Switzerland that

especially affect the least qualified members of the TCRS or those who have graduated recently.

Several participants highlighted Switzerland's limited interest in the professional insertion of young migrants who graduate from Swiss institutions. This perception deserves particular attention at two levels. On the one hand, the experiences accumulated by the Tunisians through their studies and their professional life in Switzerland represent valuable resources in terms of skills, professional networks and social capital that Tunisia could benefit from. On the other hand, in the current competitive world context, and given the weak probability of these graduates returning to Tunisia because of their propensity for mobility, countries with dynamic migratory policies could take advantage of the Swiss investment in the training of young Tunisian talent. This refers to the conservative Swiss policy on migration and more generally to Switzerland's poor valuation of the skills of migrants.

Several members of the TCRS, including a number of women, have created their own businesses. They are active in different sectors: taxi companies, beauty or hairdressing salons, cafés-bars, construction, solar energy, etc. However, we need to distinguish between two different types of entrepreneurial commitments: businesses started by highly-qualified Tunisians and those created by Tunisians with basic training and modest financial resources (mainly in the sales sector, the services sector and manual trades). Beyond these differences, the two models of entrepreneurs share a high level of initial risk and the support of their social networks which, in certain cases, compensate for the weakness of the initial investment. Some of them supplement their entrepreneurial activities, and consequently their income, with an extra job. In certain cases, these activities are linked to studies or training in Switzerland. The profile of the Tunisian entrepreneurs in Switzerland reveals a high capacity to innovate and take risks. This potential should be highlighted and taken into consideration when designing policy on migrant skills and entrepreneurship in Switzerland.

4.2.3 Residency Status and the Sense of Belonging

The collected data show a positive correlation between the length of time that the members of the TCRS stay in Switzerland and their sense of belonging to that country. However, this interdependence is not at the expense of ties in Tunisia. Their testimonies effectively reveal a sense of belonging as transnational actors to the two countries, or even to any other place where they have created ties (Levitt and Glick-Schiller 2004; Kofman 2005). The multiple identities and belongings of the members of the TCRS are particularly reflected in the following comments:

I am also happy in Tunisia. Because I am Swiss-Tunisian, I therefore feel that I am in the two countries (a member of the TCRS).

For me, it would be difficult to return to Tunisia, mainly because there is no mixing there. In my case, I need to mix in order to live. It is difficult to live with just one's own nationality. I see myself as a citizen of the world (a member of the TCRS).

Even though the members of the TCRS hold different kinds of residence permits, their formal resident status and their nationality/nationalities do not generally limit their sense of belonging to Tunisia or to Switzerland. In other words, even though their formal belonging could be created by the status that their nationality/nationalities or residence permit gives them, the attachment to their host country and their country of origin is built independently of this. Certain studies have shown that a migrant who lives permanently and who is integrated in a foreign country does not necessarily see a weakening of the bonds with the family and the community back in the country of origin (Portes et al. 2002). Our observations suggest that the feeling of belonging to Tunisia is very high among the members of the TCRS irrespective of their official residence permit or the duration of their stay abroad. The Tunisian identity allows them to identify with, and feel close to their country of origin. Even without living there, they maintain strong emotional, economic and/or professional bonds with Tunisia.

I have nothing against Switzerland; this is a personal challenge. I am more Swiss than Tunisian in terms of heart and mind, but I am a Tunisian of origin and I will remain a person of Tunisian origin (a member of the TCRS).

4.3 Links and Impact on Local Development in Tunisia

The majority of Tunisians have a prevailing interest in the regional and/or national development of Tunisia. Furthermore, their personal aspirations are linked to socio-economic development in Tunisia, as we saw that the majority of Tunisians believe that their current activity could benefit their home country in various ways, which include: transferring know-how and capitalizing on their accumulated competences, participating in social grassroots cooperation projects that involve the local community, promoting trade and business links, entrepreneurial activities, and academic and scientific exchanges. Some Tunisians pointed to the possibility of contributing through physical return to their region of origin and encouraging ventures to deploy their accumulated skills once they go back. Their aspirations are clarified by a moral feeling of commitment and loyalty towards Tunisia.

The analysis of our observations has led us to recognise that the aspirations of Tunisians in Switzerland about how they engage with Tunisia depend on the particular characteristics of their individual social profiles (such as age, level of education, length of stay abroad, reasons for emigration, present activity) on the one hand, and on structural factors linked to the country environment that influence their opportunities to deploy the accumulated skills on the other. Consequently, the migrants' desire to contribute is mainly related to their personal profiles and objectives, their experiences in Switzerland and the opportunity structures offered by their home country. Most Tunisians associate their desire to contribute to Tunisia with the professional experiences and the training they have completed in the host countries.

I think that as Tunisians, we must share the know-how of Switzerland, the skills we have acquired in Switzerland, for the benefit of Tunisia so that it can develop and rebuild (a member of the TCRS).

The strongest links that Tunisians have with their home country are through their families back home, including both immediate and extended family members, who are also an important source of information about the political situation and about suitable investment environments or other types of collaboration opportunities in Tunisia. Family ties and social networks provide Tunisians with the confidence that is necessary to launch entrepreneurial activities in Tunisia (Cassarino 2000). The families left behind provide significant support to help them accomplish their projects. Kinship links may be transformed into concrete engagements and actions, particularly in those cases where migration is seen as a strategy to improve the living conditions of a family. The geographical proximity of the two countries, Tunisia and Switzerland, allows Tunisians to visit their home country at least once a year. Furthermore, the aftermath of the revolution made it possible to reconstruct some of the links that were lost during the dictatorship and this has opened up new opportunities for engagement.

After the Revolution I was able to rebuild my contacts and personal relations, not only with my immediate family, but also with my extended family: cousins, uncles and aunts. I can also visit colleagues from my university days (a member of the TCRS).

We identified four specific vectors of engagement through which members of the TCRS participate in socioeconomic activities in Tunisia: financial transfers and investments, social remittances (Levitt 1998) in the form of social capital and knowledge transfers, philanthropy and humanitarian aid, and plans to return. Of these, financial transfers and investments came to the fore as the most specific material vector between migrants and their home country. We were able to observe how Tunisians who emigrated for economic reasons or those from a modest social background are the people most likely to send financial remittances on a regular basis. This observation finds resonance in the conclusions of other empirical studies, which illustrate the relation between the level of remitting and investing in the home country and the migrants' level of education (CODEV-EPFL et al. 2014). As far as Tunisians' investments are concerned, three main types of investments stood out from the data we gathered: purchasing land for agriculture or infrastructure, building a house, and creating a small or medium-size business. These investments pursue two major goals: ensuring adequate living conditions for migrants and their families in Tunisia, and preparing for a possible return.

I sent money to my personal Tunisian account. I am living abroad, but I also have to save a little so that I can go back with some money. Yes, God willing, I can stay for another five years, I will be able to have some money to allow me to buy a house in Tunisia (a member of the TCRS).

The study unveiled various individual investments, most of which were in the following economic sectors: information and communication, agriculture and forestry, real estate and administrative activities, construction, and scientific and technical activities. We were able to observe how Tunisians use the knowledge, and the

technical and vocational skills they have acquired abroad to introduce new ideas, establish small businesses and improve business management in Tunisia. However, the likelihood of the Tunisian community reaping benefits from this depends on many factors that are subject to local conditions and structures making it easy to absorb these new skills, as well as existing resources and infrastructure, and to there being a sufficient responsiveness and welcome culture among the local community.

4.4 Projections and Experiences of Tunisians Regarding Investment in Tunisia

The accounts of the members of the TCRS highlight two peculiarities of the Tunisian context that are favourable to investment and entrepreneurial projects in spite of the dictatorship or the political instability after the revolution: these are the geographic proximity of the two countries and family ties, which is a main factor in terms of security and trust in Tunisia. Given the importance of these ties, the entrepreneurs from the TCRS tend to invest in their regions of origin. The testimonies we gathered reveal a lack of trust in the Tunisian authorities and low expectations of the Swiss and Tunisian authorities with regard to any project that might involve them.

The characteristics of the entrepreneurs of the TCRS as well as their projections, experiences and expectations towards entrepreneurship in Tunisia can be grouped into three sections: a) positive and negative projections, b) hampered or failed attempts and, c) investment in Tunisia from Switzerland, or after returning to the country.

4.4.1 Positive or Negative Projections

Those members of the TCRS with positive or negative projections about investing in Tunisia generally rely on their professional qualifications, experiences and skills acquired in Switzerland as well as on their family ties. The members of the TCRS have requirements regarding framework conditions (similar or close to those in Switzerland) for any investment or entrepreneurial project in Tunisia.

The “positive-minded” beautician

“I got my beautician’s diploma with the idea of investing in Tunisia. With my European diploma, people know [that] well (. . .) I am going to be successful. The people think that a woman with a diploma from Europe is a professional. I gained respect with so many diplomas and so much work. That pleases me. I do not think that the political situation can influence my plan to invest there. I think that it should not be too complicated. You have to think positively. Otherwise,

(continued)

nobody will do anything and the country will remain as it is at the moment” (a member of the TCRS).

The “negative-minded” construction entrepreneur

“I would love to work back in Tunisia, I have a lot of experience. But I want to work there in the European way. There is always this fear of a lack of seriousness and corruption in Tunisia that holds me back” (a member of the TCRS).

4.4.2 Hampered or Failed Attempts

Hampered or failed attempts coincide with the investment experiences of the members of the TCRS in Tunisia during the Ben Ali regime and in the period since the revolution. There have been significant difficulties associated not only with political reasons (repression before the revolution and instability after it) but also with the structural, socio-economic and cultural barriers of the Tunisian context (for example, corruption, the lack of assistance to create businesses, bureaucratic delays, uncertainties, etc.). These difficulties have resulted in the businesses of some Tunisians going bankrupt while others regret their investment in Tunisia and abandon their business project. Despite the problems faced in failed attempts to associate with public institutions, other Tunisians have not lost hope in the possibility to generate innovative projects in their home country. However, as Minto-Coy’s study (2011) of the diaspora’s contribution to the Caribbean shows, failure to engage with the public and private sectors may compromise the effectiveness of individual or organised diaspora involvement by hindering any possible scaling-up activities with a development potential impact in the home country.

The bankrupt business

“The Central Bank and the customs administration said it was one of the best organised projects they had ever seen in Tunisia. I had a marvellous set-up. This “cash cow” started to work well and we were making some extraordinary lock mechanisms of our own, without any local credit facilities, which meant we could escape the clutches of Ben Ali. So, of course, as soon as they saw that I was starting to earn a little money and that I was paying the licencing authority, they felt they had to “get their bit”. All my contracts contained a non-corruption clause. I was proud of that. I thought that I was going to be one of the first people to undertake a project of one’s own in Tunisia. At some point, I felt that I was sheltered from... it was a rough time. I spent three painful years of my life. Following this failure and thanks to my research into

(continued)

mandates, I had an opportunity and I returned to Switzerland” (a member of the TCRS).

Regretting the investment made in Tunisia

“My business was established in a disadvantaged, sensitive and risky region of Tunisia. I didn’t even get around to producing anything. My staff had to be let go. Today, I regret investing in Tunisia” (a member of the TCRS).

Abandoning the business project

“I wanted to invest in Tunisia and create a transport company. They rent cold-chain vehicles, which is almost non-existent in Tunisia. We wanted to start with a pilot project in (X) because it had a fishing port. We approached a leasing company to buy the first truck. We had to put up 30% of personal capital, which we had. But the leasing company turned us down because we didn’t have a transport agreement, and you have to purchase at least 10 trucks for that. We couldn’t manage to gather the equity (30%) for the 10 trucks. We wanted to start off small, and then expand if things went well. We encountered many administrative problems. Yet, I have experience as an entrepreneur in other countries. In order to encourage Tunisians abroad to invest, it is necessary to review the enterprise laws, which are made for “big companies”. A young person cannot set up a business in Tunisia” (a member of the TCRS).

Confidence in a better future

“One day, someone from the government contacted me: “*Sir, you are known for your high skills and we would like to leverage them to establish solar energy projects in Tunisia*”. We developed the idea of a great value chain project around renewable energies validated by an internal commission. All of a sudden, the project started to wobble because the government weakened, the future was uncertain; the people were worried about their prospects. All was blocked at the administration level. Today, the project has not been totally forgotten; it is in the pipeline waiting until things become clearer at the institutional level. I was somewhat discouraged because of all the efforts and means invested. However, I think that Tunisia will see an incredible economic boost in the years to come. I may be one of the few ones saying this. But I do believe it” (a member of the TCRS).

4.4.3 Investment in Tunisia from Switzerland or After Returning to the Country

Several members of the TCRS confirm the importance of the professional experiences and skills they acquired in Switzerland as well as family ties for their entrepreneurial project in Tunisia. The experiences lived and the difficulties encountered by the entrepreneurs in Tunisia are many as the testimonies below illustrate.

Investment from a distance

“The central idea was based on my experience in Switzerland. We created a help and advice service in Tunis. People can come to talk about their medical, financial or other problems, and we try to find a solution to them. We rented premises for this purpose. Two of my siblings are helping us. We need to have someone on site who we can trust. They work as volunteers” (a member of the TCRS).

Entrepreneurship involving a return to Tunisia

“After the revolution, we started out with a small catering workshop. We had six or seven employees at that time. After that, we opened our point of sale and we soon had 15 employees. Today we have 35 people working for us. We had many problems with recruiting and with maintaining quality. It was difficult to find qualified people who were prepared to work at the rhythm of a start-up and with the quality standards that we had imported from Europe. We had problems in terms of hygiene, as we had to provide training for everybody. We used the employment exchanges to recruit staff. We rarely found people who understood our needs. Labour and employment law is too rigid in Tunisia and thus unsuitable for start-ups. The banks are bad partners for businesses here. It was only after overcoming several problems and after waiting for several months that we managed to obtain some overdraft facilities. You have to pay bribes all the time. When the merchandise was blocked at customs, they wanted 1000 dinars to allow it through” (a member of the TCRS).

4.5 Factors Influencing Engagement, and the Expectations of the Members of the TCRS Towards Tunisia

4.5.1 Constraining and Encouraging Factors

The experiences of the TCRS and the examples of the activities presented above reveal the personal, structural (in Tunisia and in Switzerland) and behavioural restraints that can sometimes make it difficult to invest and create a business in Tunisia. Notwithstanding these restraints, there are certain encouraging factors that facilitate Tunisians’ investments in their home country. Table 1 offers an overview of the constraining and encouraging factors.

The diversity of constraining and encouraging factors has an influence on the development possibilities of investment projects and the creation of companies by members of the TCRS, and this diversity also influences their mobility decisions. As with the findings of Carling et al. (2016), we could see that Tunisians rely on families and friends, social media and networks for information about the home country environment and this influences their mobility and entrepreneurship decisions. In

Table 1 Factors influencing the investment and entrepreneurial projects of the TCRS in Tunisia

Encouraging factors	Constraining factors
Emotional ties with Tunisia that result in high incentives for development	A lack of support for diaspora initiatives from the Tunisian and Swiss governments
Strong family bonds and support	Limited financial funding for diaspora initiatives
Skills and expertise of the diaspora	A lack of trust in the Tunisian public institutions
Social and professional integration in Switzerland	Political instability in Tunisia
Students and young professionals are open to opportunities	A lack of receptiveness from the local community in Tunisia
Geographical proximity between Switzerland and Tunisia	Vulnerability linked to residence permits in Switzerland
The renowned quality of Swiss education and training systems	Difficulties to create businesses in Tunisia because of structural, socio-economic and cultural barriers
The scientists and researchers are well established in Switzerland	Rigorous framework conditions in Tunisia for investing and establishing entrepreneurial projects
Associative activities and community actions	Difficulties to find qualified and competent local staff in Tunisia
Skills, networks and social capital developed in Switzerland and in other countries are ready to be deployed in Tunisia	Absence of supportive conditions to allow qualified members of the diaspora to launch initiatives and projects
Internet and social media	Divisions between the associations of the TCRS
The diaspora's dynamism, creativity and search for innovation	Lack of time

addition, the experiences of Tunisians show how significant changes need to be made to the political, economic and cultural structures to make it possible to harness migrants' resources and translate them into investment and entrepreneurship endeavours with positive effects for the home country. This illustrates the importance of paying sufficient attention to the local cultural and political aspects in the present discussion on diaspora remittances and business creation in the home country (Gillespie et al. 1999; Nielsen and Riddle 2007; Nkongolo-Bakenda and Chrysostome 2013; Carling 2014).

5 Conclusions

This empirical case study on Tunisian migration in the post-revolution context shows that the members of the TCRS are potential actors for investment and entrepreneurial projects in Tunisia thanks to the richness of their multi-site migratory paths and their international social networks, as well as their savings and professional and technical

skills, most of which have been acquired in Switzerland. Moreover, this community feels a strong motivation to contribute to the development of the country of origin, and effectively its members are very attached to Tunisia.

The spontaneous individual-based actions they undertake in their localities of origin reveal their entrepreneurial determination through investment, business start-ups and job creation outside the framework of established supportive public policies, thereby highlighting the opportunities and constraints of the *diaspora option*. However, mobilising the skills and resources of the diaspora and encouraging their home country engagement does not depend solely on migrants' personal profiles, training, professional activities or even their motivation, but rather it depends equally on the environment and the opportunities offered by both the host country and the country of origin.

The study reveals significant hindrances on the development of investment and entrepreneurial projects by members of the TCRS in Switzerland and Tunisia. The TCRS members are generally satisfied with living and employment conditions in Switzerland. However, they consider the Swiss context to be a difficult one in which to do business or start up a business, and too restrictive in terms of residence and work permits. Yet, Tunisian entrepreneurs in Switzerland show a high level of dynamism, creativity and desire for innovation.

As far as the experiences of the TCRS in Tunisia are concerned, these provide an insight into the constraining and encouraging factors that are linked to entrepreneurial activities in the country. On the one hand, the entrepreneurs at the heart of the TCRS rely on the professional qualifications, savings, experiences and skills they have acquired in Switzerland or elsewhere, the geographic proximity between Switzerland and Tunisia, and their family ties. On the other hand, a lack of trust in Tunisian public institutions, structural, socioeconomic and cultural barriers that hinder the creation of companies in Tunisia and political instability are all important constraining factors. The potential of TCRS members as development actors highlighted by the results of this study could open a path for innovative public policy design in both countries, encouraging migrants' skills and entrepreneurial projects and facilitating their mobility between Switzerland and Tunisia.

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Transnational Entrepreneurship in a Post-conflict Society: Perspectives from Sri Lanka



Rondy de Silva

Abstract In 2009, one of the longest running civil wars in South Asia came to an end when the terrorist group the Liberation Tigers of Tamil Eelam (LTTE) was defeated by the Sri Lankan military. The 25 year long war not only resulted in the death of over 100,000 citizens and caused destruction of infrastructure; it also stunted economic growth in the country. Further, the civil war also contributed to significant brain-drain due to the mass departure of qualified professional from the country.

According to the World Bank Sri Lanka has now emerged as one of the fastest growing economies in South Asia in the short span of a few years; as a result of the 'peace dividend' brought about by end of the civil war. As the country enters its new growth phase, this case study explores what the overseas diaspora and Sri Lankan transnational entrepreneurs have to offer to contribute to this development, and the role they can play in readdressing the brain-drain through their economic activities. The research that was conducted with ten transnational entrepreneurs in their country-of-origin of Sri Lanka elucidates on their reasons for return to Sri Lanka, the business potential in post conflict societies and what policymakers can do to attract further such transnational investment from citizens who have moved overseas.

1 Introduction

There is a high correlation between national conflict and economic decline (Collier and Hoeffler 2004). Civil unrest and wars are contributors to economic instability brought about by uncertainty risks, poor investment and limited investor confidence (Collier et al. 2008; Aziz and Niaz 2017). Human capital flight is also a significant blow faced by conflict ridden economies and 'Brain drain' is the term often

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associated with the migration of highly skilled and trained individuals from a country. Historically, ‘political turbulence, violence, and economic disruptions have pushed people into migration’ (Goktan and Flores 2014, p. 271). While such losses can be detrimental to many economies; turbulent and conflict ridden economies in particular, can be argued to feel the effects more greatly (Fielding 2003a).

Given the recent rise of emerging and transition economies as significant global economic players, there is growing interest in studying how entrepreneurship has helped develop these nations. Post-conflict societies in particular can benefit from research on the promotion of entrepreneurship in such economies as they seek to bolster their national economic standing as they recover from the effects of the war.

Within the space of this chapter, this study will explore the role and views of transnational entrepreneurs (TEs) in reinvigorating the economies of the post conflict society of Sri Lanka. TEs are specifically chosen as recent literature credits such migrant entrepreneurs with contributing to the rapid rise in economies such as China and India. (Jain 2006; Naude et al. 2015; Saxenian 2002a, b, 2006; Wei and Balasubramanyam 2006; Yeung 2002). Of the many types of migrant economic activity, transnational entrepreneurs (TEs) in particular—especially those engaging in high technology ventures; are shown to have the greatest potential for economic transformation in emerging markets. Transnational entrepreneurs are those who engage in business ventures that link their country of origin, (often a developing one) with their Western host country. It is this circuitous business activity that is posited to create economic development in emerging economies because it facilitates knowledge diffusion, new industries, job creation and service innovation (Saxenian 2002a, b, 2005, 2006; Yeung 2002). Another defining proposition of such highly skilled migrant economic activity is that it promotes migrants to reconnect with their countries of origin and creates an avenue for less developed economies to counteract the negative effects of brain-drain (Terjesen and Elam 2009; Saxenian 2002a, b). In recognition of the developmental potential offered by TEs, it is in the interest of policymakers to attract and retain such a valuable diaspora community (Agarwala 2012; Krishna and Balasubramnya 2015; Pruthi 2014; Riddle et al. 2010) and promote ‘brain-circulation’ (Saxenian 2002a, b) in emerging economies. Considering the small emerging economy of Sri Lanka as a post-conflict society, this paper forms an exploratory study that views transnational entrepreneurship in a hitherto under researched area.

2 Literature Review

The literature on entrepreneurship in post-conflict societies postulates that the promotion and development of entrepreneurship in such contexts is of paramount importance for economic development (Eifler and Seifert 2009; Bruck et al. 2011). Entrepreneurship has long been established and accepted as a vehicle for economic growth (Reynolds 1999; Thurik and Wennekers 2004) and there is a burgeoning volume of literature that attests to this. However, in terms of research on

entrepreneurship in post-conflict societies, there is an added dimension in current research; one that proposes that entrepreneurship can help cement and sustain the new found peace. The suggestion is that entrepreneurship in post-conflict contexts promotes both economic growth and creates a foundation for peace by mitigating the economic causes that can lead to strife and civil unrest (Kaufman 2013; Fielding 2003b). In this vein, much of the published literature on entrepreneurship in post-conflict societies appears to focus primarily on the development of SMEs and social enterprises (Djip 2014). This study however considers transnational entrepreneurs operating at a high level particularly in the technology industry.

Transnational entrepreneurship represents an increasingly evolving area of research that has gained momentum because of the important role such migrants are shown to play in their countries of operation. Transnational Entrepreneurs are those who have migrated from their country of origin (COO), often a developing one to a more developed Western host country, for the purposes of education and/or work. TEs are significant as they engage in business ventures that link their home country and host economy, and thus are embedded in dual national contexts. In the literature to date, the more dominantly accepted and cited definition comes from Drori et al. (2009) who recognise TEs as:

Social actors who enact networks, ideas, information and practices for the purpose of seeking business opportunities or maintaining businesses in dual social fields, which in turn force them to engage in varied strategies of action to promote their entrepreneurial activities (Drori et al. 2009, p. 1001).

The business ventures of highly skilled TEs engaging in high technology industries (rather than low-technology industries) are those credited with having the most potential economic impact on an emerging economy. TEs and their high tech start-ups are credited with successfully replicating the Silicon Valley models in their native countries such as China, India and Israel (Biradavolu 2008; Drori et al. 2010; Pruthi 2014). A study by Krishna and Balasubramanya (2015) also established that start-ups owned by transnational entrepreneurs in India are more likely to survive and succeed than their non-transnational local counterparts.

Despite the apparent value that exists in researching the transnational entrepreneurship phenomenon, a key limitation that can be identified in the development of transnational entrepreneurship research is that studies are largely been conducted by identifying ethnic minorities in developed countries. Limited published research was encountered where the research data was collected and based on a single country of origin of a TE and there is a distinct lack of studies on TE activity in post-conflict societies. TEs are informed by their dual/multiple worldviews due to their embeddedness in at least two (most often contrasting) national contexts. It is based on this premise that this study seeks to explore TEs views on the post-conflict society of Sri Lanka as they hold specific insights that can inform why they chose to operate in Sri Lanka, how they assess their own contribution and what they feel the developmental needs are of the country. Given the specific nature of the inquiry based on their native country as a post-conflict

society, this study will solely focus on their home country of Sri Lanka and not their host countries.

3 The National Context of Sri Lanka

Sri Lanka, formally known as Ceylon under British colonial rule, is often evocatively described as a ‘paradise’ island and ‘the pearl of the Indian ocean’. Its geographic shape and location also makes it predominantly known as the ‘teardrop of India’ (Fig. 1).

Sri Lanka is world-renowned for its export commodities of tea and cinnamon as well as for the attractiveness of its resplendent beaches which makes it an attractive tourist destination (SLTDA 2017). In contrast it has also garnered significant notoriety for its brutal civil war that was waged by the terrorist group the LTTE which sought a separatist state for the Tamil ethnic minority (Kapferer 2011). The war that raged since 1983 for over 25 years resulted in political and economic turbulence that stalled economic growth and hindered foreign investment due to the uncertainty risks of the prevailing time (Central Bank of Sri Lanka 2017). The human cost of war was not just the significant numbers of casualties but also the migration caused by the civil unrest during the period of war (NHRDC 2017). While many with the abilities to migrate doing so at the time, the country particularly suffered from the migration of skilled workers. It is estimated that there are over a million Sri Lankans that have migrated overseas for work (Department of Census and Statistics 2017) (Figs. 2 and 3).

Apart from the human cost of war, there was destruction of infrastructure, ethnic disharmony and stagnant economic growth. In May 2009, an extremely controversial and brutal campaign by the Sri Lankan military brought the war to an end. The alleged brutality of this final battle brought with it outcry from the international media and human right campaigners who levelled accusations of war crimes at the national leaders at the time. Despite this controversy, it was undeniable that the new era of peace had a significant positive impact on the economic growth of Sri Lanka, which began to thrive in the immediate post war period. Sri Lanka then entered a new growth phase that saw it surpass many of its South Asian counterparts (World Bank 2017).

The figure below demonstrates the immediate exponential economic growth that was seen in the country after 2009. This has been attributed to the effects of the ‘peace dividend’ (World Bank 2017) (Fig. 4).

It is interesting to look at the economic impact of the end of the war, from statistic relating to the key industry of tourism in Sri Lanka as a means of further illustrating post war economic growth. Consider below the figures that evidence direct growth from the point of the end of the war in May 2009 which demonstrates a rise in tourist arrivals and foreign investment in the hotel industry since 2009 (Figs. 5 and 6).

In the years following the war, the diminished uncertainty risk has attracted not only foreign investors but also attracted back some of the diaspora community that



Fig. 1 Sri Lanka on world map. Source: Google Images

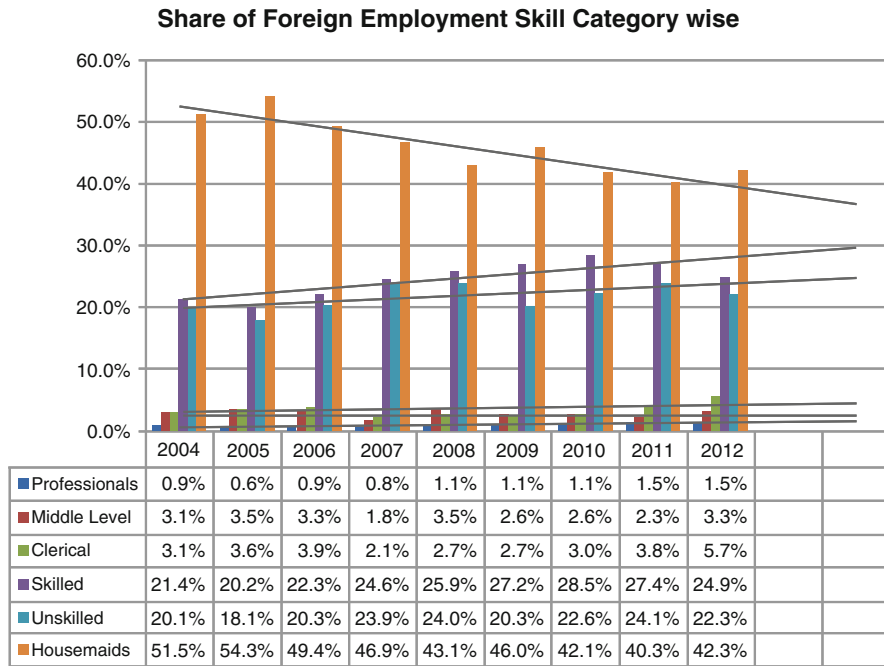


Fig. 2 Share of foreign employment (2015). Source: NHRDC

Refugees and asylum seekers from Sri Lanka, 2002–2008

ASYLUM COUNTRY	2002	2003	2004	2005	2006	2007	2008
India	63 767	60 922	57 274	50 730	69 609	72 934	73 286
France	15 938	15 062	15 304	15 602	15 669	16 605	18 102
Germany	17 403	15 121	12 850	15 304	5 832	6 388	6 594
Canada	12 873	12 563	12 062	11 076	9 877	21 279	20 442
United Kingdom	9 545	7 993	8 064	8 098	8 223	8 554	8 725
Other countries	13 713	10 349	8 496	7 329	7 756	9 188	10 596
Total refugees	133 239	122 010	114 050	108 139	116 966	134 948	137 745
Asylum applications total	10 917	6 161	6 029	6 298	7 343	5 980	7 057

Fig. 3 Source: AOM and IPS

migrated at the time of the war. Given this, and based on the premise that migrant economic activity can provide great dividends for emerging economies (Zhou and Hong 2015; Portes and Yiu 2013; Zweig et al. 2006) the national context of Sri Lanka offers greater value for conducting research on TEs.

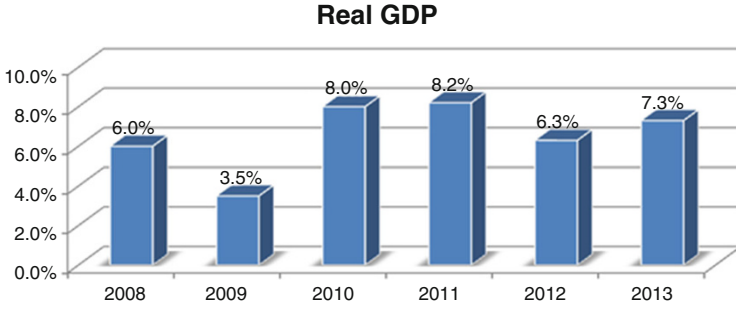


Fig. 4 Real GDP growth rates 2008–2009. Source: NHRDC

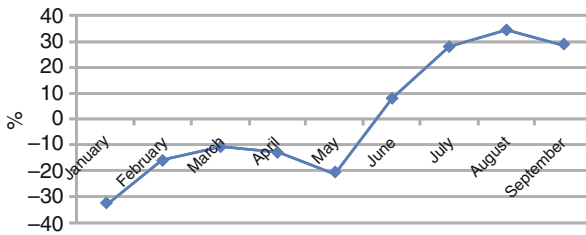


Fig. 5 Growth in tourist arrivals in 2009. Source: Tourist Development Authority

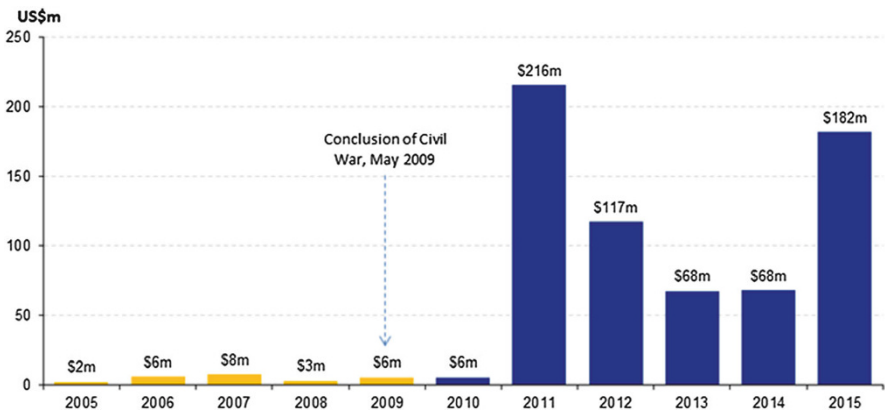


Fig. 6 Post-war foreign investment in Sri Lanka's hotel industry. Source: Board of Investment, Sri Lanka

4 Methodology

A qualitative case study approach was adopted for this exploratory study as it allows for a more open agenda when researching a phenomenon (Saunders et al. 2012). TE literature documents the challenges of identifying and interviewing TEs, particularly due to the regular travel they undertake between countries for their transnational economic activities. The added challenge to identifying the sample was based on the objective of interviewing elite TEs engaged in high technology industries. Therefore, a purposive sampling method was adopted in order to reach suitable TEs quickly and efficiently (Palys 2008). It was also advantageous that the commercial capital and business hub of Sri Lanka, which is Colombo; is a relatively small city. A further benefit is that the business elite are concentrated as a small network within Colombo and it was possible for the author to identify the TEs fairly quickly through media coverage of high profile Sri Lankan TEs. Contact was established with these TEs by using a network approach through introductions provided by a premier business journalist. The biggest challenge however was finding TEs who were in Sri Lanka at the same time targeted as the period for the data collection. The data was gathered by conducting semi structured interviews. This approach was deemed the most suitable as it allows for in-depth inquiry through close interaction with the participants (Corbetta 2003). Eight of the ten TEs interviewed were male and all the TEs were engaged in a portfolio of business activities where at least one of the enterprises were transnational and many had several businesses that were also localized operations in Sri Lanka. Thematic analysis was adopted and the identification of themes was inductive in nature where the themes were allowed to emerge from the data. The data was collected as part of a wider project on the study of TEs and this chapter will explore the themes relevant to the research objectives of this particular inquiry. As stated previously the purpose of this study was to explore TEs views on operating in Sri Lanka as a post-conflict society and the developmental needs of the island. To this end, the 'transnational' nature of TEs and their businesses will be less explored and this study will focus instead on the challenges and opportunities for development as perceived by the TEs.

Several research questions will be addressed in this chapter through this study: Why do TEs choose to return to engage in transnational enterprises in post conflict societies such as Sri Lanka? What are the institutional challenges they encounter in their national country context? And, what are the policies that can promote valuable TE enterprises in such post-conflict contexts?

5 Findings and Analysis

The findings of the study evidence that the end of the civil war has certainly created a more attractive climate for investment in the country, but that the civil war itself was not a deterrent in terms of the TEs deciding to start their businesses in the island. The

main reason that the TEs in this study chose to engage in their transnational business ventures in Sri Lanka was their recognition that it was a largely untapped market due to the prevailing conditions of the war at the time of their investment. All of the TEs started their transnational enterprises at the height of the war and not after it came to an end, this gave them the advantage of being early introducers of innovative businesses that flourished further after the end of the war.

All the TEs of this study originally migrated to their original host countries of USA (TE1, TE2, TE4, TE5, TE8) and Australia (TE3, TE6, TE7, TE9, TE10) for the purpose of higher education. It was interesting to explore why the TEs would choose to start a business in a country that clearly was suffering the detrimental effects of war, when they had migrated to Western countries comparatively less political turbulence.

TE1 highlights that it is the first-mover advantage offered by post-conflict societies offer great investment potential;

I don't know why anyone would shy away from doing business in war torn country. Actually some entrepreneurs would say that they are the best places if you can get in at the right time, particularly right at the end of the war. If you are the first at the scene in the time of peace, then you can go for the big government contracts, help solve the technology issues, help rebuild and build new infrastructure (TE1)

This was echoed by all the TEs, who stated that operating a business solely in their Western host countries would see them competing in matured and saturated markets and thus reduce potential profits. They are able to see the capabilities of their native countries and moreover not be afraid of entering such markets because they are familiar with it.

At the end of the day Sri Lanka, has always and always will be home. My American friends will look at what's happening and naturally be afraid of coming here to do business. I am not a foreigner and I know how the way things work here. . . I know how to get things done and I can see the potential. While outsiders will focus on the risks (TE5)

Certainly the TEs business operations evidence that they have indeed grasped the opportunities offered by Sri Lanka in its post-conflict state. All the TEs of this study were engaging in high technology businesses ranging from e-commerce activities, software development, and the provision of payroll and back office services for multinational companies (their clients) in the host country. The TEs believed that the Sri Lankan market provided them with access to a skilled labour force. This helped them retain the cost advantage as they are developing products and services origination from the COO that served their host country markets/companies. Interestingly all the entrepreneurs of this study were not involved in just a single transnational venture but in a portfolio of business activities that also included local commercial ventures. Apart from their transnational investments it was clear to see that they were contributing to the Sri Lanka economy is several ways by bringing in new industries, creating employment and also fostering other entrepreneurs.

The biggest opportunities I see in Sri Lanka are in tourism and venture capital now. Look at the number of hotels that have come up in the space of a few years. I myself have an adventure tours business as well now and have invested in new holiday resorts (TE8)

I have started investing in young guys with big ideas, the ones who will find it hard to get their businesses off the ground without equity for a bank loan. The positive attitude to start-ups that you find in Silicon Valley you would not find here in Sri Lanka. By helping them out I am in prime position to find the next big idea myself (TE6)

A further advantage of the economic boom in Sri Lanka's post-war stage as highlighted by TE9 was that the increased FDI and employment figures have raised the standards of living and people's aspirations. As a purveyor of a lifestyle brand he has increased his portfolio to include luxury spas because of the growing demand in recent years in Sri Lanka.

Given that this study is based on exploring TEs views on operating in Sri Lanka and identifying means to promote such further transnational investment from overseas migrants, it is also pertinent to explore the challenges of operating in Sri Lanka. It is clear from the views of the TEs of this study that post-conflict societies do offer great potential for investment particularly in relation to cheap labour of skilled and unskilled workers. The TEs were quick to point out that as a relatively new player, Sri Lanka as an emerging market is able to maintain a cost advantage because the market has not yet reached levels of maturity as can be witnessed in its neighbor India. One of the key challenges in maintain this cost advantage identified by the TEs in this study was the level of training and development they perceived as being required amongst their staff when recruiting to these businesses.

Of course I have access to great IT engineers with who cost less than if I were hiring for the same job in the US. But there are some elements that have just not been covered in their education. Like, what makes a product *great* and not just *good*. (TE 5)

The TEs were critical that the state education system in Sri Lanka was primarily geared towards theoretical and technical know-how and largely ignored the value of soft skills such as communicating and presenting at international standards. The TEs found that their local staff needed extra training in high standards of customer service and service delivery. Where the TEs were engaging in new and recently introduced industries, it was claimed that the training costs were higher. For example TE5 is a pioneer in the games development industry in Sri Lanka, and as a pioneer had to invest large sums of money hiring international staff to train local staff in Sri Lanka by virtue of it being a new industry. He was critical of the government's lack of support for the industry, not just in the provision of funding for the development of the industry but also the challenges associated with visa regulations enabling him to hire international staff to his business. The TEs were also personally affected by the lack of clarity and confusion regarding dual citizenship and property ownership rights. TE1, TE10 and TE2 were the only entrepreneurs still maintaining their Sri Lankan citizenship for fear of losing their assets, while the rest of the TEs held citizenship either in the US or Australia. The introduction of a new regulation with regards to foreign ownership of assets was causing consternation for these TEs at the time of the research.

A further criticism by the TEs was levelled against the bureaucratic and inefficient processes in the formal institutions in Sri Lanka. It was purported that the institutional processes were slow and the systems were not keeping pace with the

demands of the market. Coupled with institutional corruption which supported an informal payment system to speed up processes, institutional failures were also identified in terms of the lack of protection offered to new technology industries in terms of copy right protection, patenting and cybercrime. The TEs believed that the inadequacies in formal regulations for protecting their ideas and innovations could make potential investors loathe to start ventures because it would leave them vulnerable to competition and the appropriation of their intellectual property.

6 Discussion and Conclusion

This book chapter sought to explore transnational entrepreneurship in the emerging economy and post-conflict context of Sri Lanka. The primary learning from this study is that TEs are not deterred by the developmental needs of the country. Rather, they are attracted by the potential offered in terms of introducing new industries and access to a cheap, and more importantly skilled labour force.

The transnational entrepreneurs in this study clearly demonstrate their abilities to introduce new industries and recruit and develop the labor force to a standard that enables the workforce to engage in these industries. This is consistent with the literature that demonstrates that TEs are capable of invigorating national contexts through their businesses which promote the transference of skills and technologies gained in the host country, to the home economies of the TEs (Saxenian 2002a, b, 2006). Such investment can be identified as key driver for governments in emerging economies to welcome transnational entrepreneurs and provide enabling conditions that foster such types of entrepreneurship (Agarwala 2012; Riddle et al. 2010). Therefore it would make sense for the government to take heed to the needs of such TEs in recognition of their valuable contribution to the economy. Yet, what we find in the case of Sri Lanka is that the barriers that are created in terms of immigration and property ownership could act as a deterrent to attracting the Sri Lankan diaspora community to return to invest in their motherland.

The evidence from this study also suggests that the Sri Lankan government needs to do more in terms of developing the local workforce via the education system. Given the stories encountered with regards to the level of training required when hiring local staff in Sri Lanka, it is a cautionary warning that the government will need to invest more in introducing 'soft skills' to the curriculum so as to complement the technical abilities of graduates. Such training will help maintain the cost advantage for TEs and promote further investment from similar migrant entrepreneurs.

Within the space of this chapter it has been possible to only briefly explore TE activities in the post conflict society of Sri Lanka. Future publications on this study will further evaluate and detail the differences in the national institutional arrangements delineating between the formal and informal institutional framework and also identify and categorize institutional voids.

As a qualitative study this study has limitations as it does not seek to generalize the findings. Rather, this study is offered as an exploratory path or pilot study to inform further and more generalizable research. The study presents the TEs' views of their motherland as a means of provoking discussion around the value of TE investment for post conflict societies and ultimately promote policy development that to attract further investment from the diaspora overseas. This study attempts to capture the exciting potential offered by post-conflict societies such as Sri Lanka that endeavour to step out of the shadows of war towards a new era of progress.

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A Portrait of the Current Portuguese Wave of Qualified Emigrants



Susana Costa e Silva and Vilmantė Kumpikaitė-Valiūnienė

Abstract For the several last decades Portugal has been an enjoyed positive migration flows. Since 2008, however, it has experience increased emigration that has not been seen since the late 1960s and early 1970s. This chapter aims to present a portrait of the current Portuguese wave of qualified diaspora in 2008–2015. The main reasons such as economic crises, low salaries and its citizens' desire for better work opportunities where highlighted. In addition, English language, education and cheap traveling opportunities has changed the destination countries from former Portuguese-speaking colonial countries to European and mostly English-speaking countries.

1 Introduction

Oh salty sea, how much of your salt is tears from Portugal! For us to cross you, how many mothers cried, how many children prayed in vain! How many brides remained unmarried so that you could be ours, oh sea! Worth it? Everything is worth it if the soul is not small. Who wants to go beyond Bojador¹? You have to go beyond pain. (Pessoa² 1934)

¹One of the most difficult capes to pass of the Western African Coast, in Western Sahara (Morocco).

²Fernando Pessoa (1888–1935) was a Portuguese poet born who was in Lisbon. He is considered one of the most remarkable Portuguese writers of all time and one of the greatest poets in the Portuguese language, although he also wrote in English and French. *The Message* and *Book of Disquiet* are two of his most well-known books.

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Historically, people always used to move from one region to another for different reasons. However, nowadays, more and more people decide that they want to work abroad. The reasons of this vary, however people often undertake this to try to find better work opportunities and being willing to relocate to another country helps to achieve this. Pessoa's poem, and particularly its final sentence, points out the pain of those who leave (to conquer the sea or world) and of those who remain, suffering from the expatriates' absence.

Portugal has always been able to display a high degree of openness to migration, at different levels in its society. As a matter of fact, it is a country that not only imports and exports a lot as a percentage of its GDP (Sarmiento and Reis 2011), but it can also be considered a country that receives a large number of immigrants as well as a country from where many citizens emigrate.

Historically, Portugal was changing its status from emigration into immigration and to emigration again time to time. The beginning of emigration from Portugal was already in the fifteenth century. Its issues are connected with a period of overseas exploration and colonization (Baganha et al. 2005). However, it was attractive for immigrants because of its location in the middle ages also but lost popularity with the decrease of its status in the seventeenth century.

As statistics demonstrate, from the mid of the nineteenth until the mid of the twentieth century around two million Portuguese left to Brazil and the USA. In fact, Brazil has been a major recipient of diasporic immigration throughout its history (Rocha et al. 2015). Around 4.5 million immigrants entered Brazil between 1870 and 1950 (Lesser 1999). In between the waves of migration, the number of emigrants remained at a higher rate (Portugal is considered the country with the 12th highest number of emigrants).³ The next wave of emigration started in the mid of the twentieth century and continued until mid of 1970s, when Portugal's low qualified labour force migrated to help expanding economies of Central and Northern Europe (Malheiros 2002). However, Portuguese emigration slow down due an economic crisis started in Europe when major countries closed their doors to foreigners in 1973 (Malheiros 2002). In addition, the dictatorship finished after the Portuguese Revolution in April 1974 and this influenced the return of many Portuguese exiles.

The numbers of emigrants increased again in the late 1980s when Portugal joined the European Union in 1986. However, immigration's rates started growing together with emigration as being a member of the EU attracted non-EU citizens to arrive. Numbers of immigrants exceeded emigrants until 2010 when the first emigration wave was highlighted in the modern Portugal.

The last wave of emigration started in 2008 due financial crises. The characteristics of emigrants changed in comparison with previous waves. It should be noted that new Portuguese emigration became more qualified than it was in the past (Pires et al. 2015). In addition, it is seen changes in destination countries and increased popularity of non-Portuguese speaking countries and this demonstrates changes in

³Retrieved from <https://www.publico.pt/sociedade/noticia/portugal-e-o-12-pais-do-mundo-com-mais-emigracao-1712667> at 26/10/2016.

the relationship between a colony and the coloniser. **The aim of this chapter is to present the last Portuguese emigration wave in 2008–2015.**

2 The Main Characteristics of Portuguese Migration in 2008–2015

2.1 Emigration Rates of Portugal in 2008–2015

The financial crisis that hit the global economy starting from the summer of 2007 was the biggest in post-war economic history. The crisis was preceded by long period of rapid credit growth, low risk premiums, abundant availability of liquidity, strong leveraging, soaring asset prices and the development of bubbles in the real estate sector in the USA and the EU (European Economy 2009). This situation influenced the increase of unemployment rates and emigration in European countries. Portugal was no exception. Its emigration flows started to grow in 2008 and exceeded immigration in 2011 (see Fig. 1). Immigration to Portugal has been dropping since the beginning of the Great Financial Crisis. In addition, we should point out that, in the first wave of emigration—in 2009—the number of people leaving the country decreased due to negative economic repercussions felt in Spain, the neighbouring country that was, at the time, the main destination for Portuguese emigrants.

As Fig. 1 demonstrates, the very high emigration growth started in 2011. Between 2011 and 2015 Portugal was under the financial assistance of the International Monetary Fund (IMF), the European Central Bank (ECB) and the European

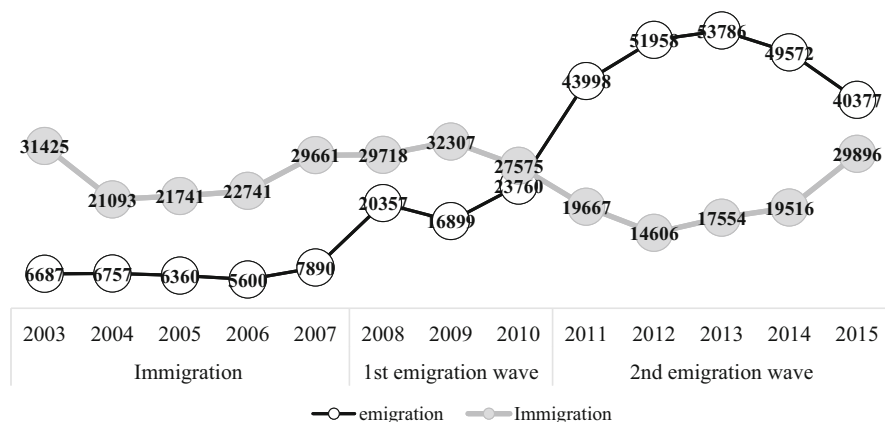


Fig. 1 Immigration and emigration rates for Portugal in 2003–2014. Note: Prepared by the authors in accordance with the statistical office of the European Union Eurostat [2016 and 2017 (Retrieved from <http://ec.europa.eu/eurostat/web/population-demography-migration-projections/statistics-illustrated> at 30/01/2017)]

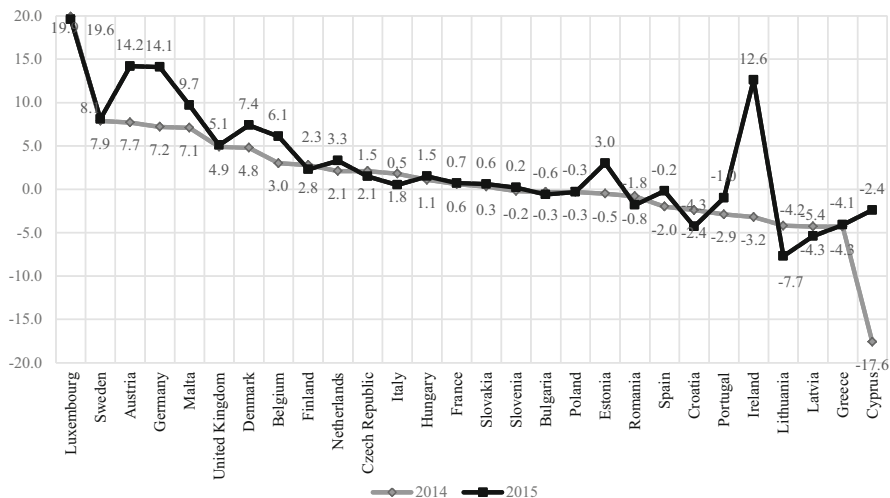


Fig. 2 Net migration rates (net migration rate is the difference of immigrants and emigrants of an area in a period of time, divided (usually) per 1000 inhabitants) in the EU in 2014 and 2015, number of migrants per 1000 citizens. Note: Prepared by the authors in accordance with the statistical office of the European Union (Eurostat 2017)

Commission (EC). This period could be called as the second emigration wave. It is estimated that 586,331 people left the country in the period of 2011–2015 (PorData 2015). This figure represents around 5% of the whole population. Of this number, it is estimated that 41% of people have undertaken a permanent emigration, that is, people who have left to live in a different country for 1 year or more. However, we could note that immigration rate again increased in 2015. This has contributed to the stabilisation of the Portuguese population, as we previously inferred.

2.2 Overview of Population Changes in Portugal in the Context of the European Union

Portugal takes one of the leading positions in emigration in last years in the EU. As Fig. 2 shows, Portugal had the sixth highest emigration rate among EU countries in 2014. It resulted in a loss of 3 people per 1000 citizens in the country. Those countries with a higher emigration level were Greece, where they lost 8.5 citizens, Latvia, which lost 4.3, Lithuania, which lost 4.2 and Ireland, which lost 3.6 people per 1000. According to the statistical report of 2015 (Eurostat 2017), emigration in Portugal had decreased by 1 citizen per 1000 but stayed in the sixth position, while at the same time emigration increased in Croatia, Cyprus and Romania.

Estimates from the Observatório da Emigração (2015) suggest that 2.3 million Portuguese people currently live outside Portugal; according to the same source, this

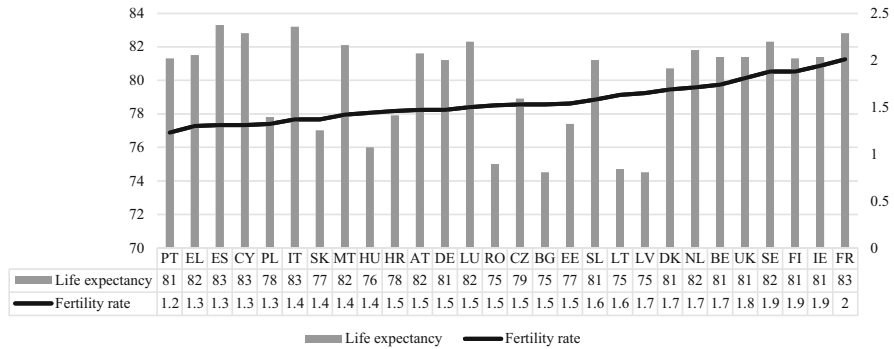


Fig. 3 Life expectancy and fertility rates in the EU in 2014. Note: Prepared by the authors in accordance with the statistical office of the European Union (Eurostat 2017)

number is 10% higher than the number registered in 2010.⁴ However, the Department of Economics and Social Affairs of the United Nations (UN 2015) reports a number close to 2 million but some experts report a much higher number. The Portuguese *Diário de Notícias*⁵ puts the total Portuguese population at 42 million and estimates that 10.6 million of them are living in Portugal, with the remaining 31.4 million outside the country.

Moreover, Portugal is an aging country. As a matter of fact, the birth rate in Portugal is smaller than the EU average. According to *PorData*,⁶ in 2014, in Europe, 10.1 children were born per 1000 people, whereas in Portugal only 7.9 children were born per 1000 of the population. Historical evidence tells us that it is necessary that fertility rates should be maintained at a rate of at least 2.1 children per one female in order to maintain population levels, however this rate is much lower in the majority of developed countries. For example, according to Eurostat (2017), fertility rates in the EU28 member states were 1.58 children per female in 2014. This means that these countries are faced with a decrease in their local population. Furthermore, the average life expectancy has been growing steadily, since the 1990s and in 2014 it was 79.9 years in the EU. Countries look to immigrants in order to counteract an aging population and to increase the labour force. However, in doing so, they are quite often faced with controversial situations, especially in the EU. Portugal is a very good example of such a situation: its life expectancy is 81.3 years, one of the longest among the EU countries and at the same time its fertility rate was the lowest at just 1.23 (see Fig. 3).

⁴According to the Portuguese newspaper—*O Diário de Notícias*—these figures are calculated by the Observatório da Emigração on the basis of the numbers of Portuguese permanent migrants that entered other countries. Retrieved from <http://www.dn.pt/sociedade/interior/223--das-pessoas-nascidas-em-portugal-vivem-fora-do-pais-5577719.html> at 16/01/2017.

⁵Retrieved from http://www.dn.pt/inicio/portugal/interior.aspx?content_id=1192698 at 22/09/2016.

⁶Retrieved from <http://www.pordata.pt/Portugal/Taxa+bruta+de+natalidade-527> at 26/10/2016.

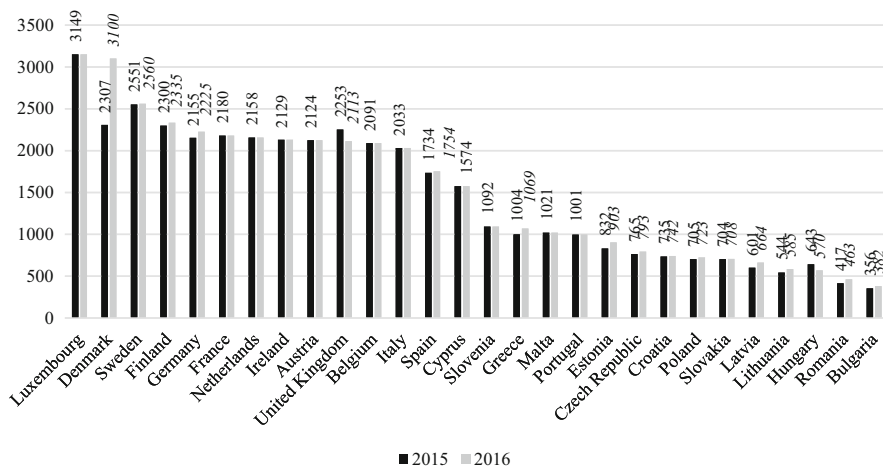


Fig. 4 Average salaries in the EU member states in 2015 and 2016. Note: Prepared by the authors in accordance with the statistical office of the European Union Eurostat 2016

Summarizing, looking at the situation presented in this subchapter, Portugal should to rethink their strategies to attract and retain human capital as this is considered vital for a country's development.

2.3 Portuguese Economic Situation in the Context of the EU

Economic Equilibrium theory (Bauer and Zimmermann 1999) highlights that differences in salaries are the main reason for migration. Figure 4 demonstrates an average salary per month was 1001 euros in Portugal in 2015 and 2016. This figure was the lowest in comparison with the other EU15 countries, excluding those member states that joined in 2004 or later.

The study of Watanabe (1969) repeatedly refers to the gap between rich and poor countries and the resulting imbalance among living conditions as a motivational factor for migration. Mihi Ramirez (2016) divided the EU countries into rich and poor based on their median GDP per capita value as a splitting criterion (GDP USD and GDP PPP-adjusted). In accordance with this criteria Portugal fell into the group of poor countries. His study highlighted that earnings, economic freedom and the poverty line have a positive correlation with emigration in poor countries (Mihi Ramirez 2016).

Comparing salaries with the most popular destination country for Portuguese migrants, we can see that the average monthly salary in the UK was 2253 euros in 2015, which dropped to 2113 euros in 2016. This was the only country where the salary decreased, a fact that could be explained by the drop of pound due to the UK's decision to leave the EU in the "Brexit" referendum on the 23rd of June 2016.

Despite this, these figures clearly explain why Portuguese people chose to move abroad or not return home after their studies as they found better opportunities abroad. In addition, the UK was the country where Portuguese emigrants found it easier to get a job. Among the Portuguese living in the UK, according to the Pires et al. (2015), 67% were in employment.

In many cases emigration is not only a matter of finding a job that would be difficult or impossible to find at home, but of finding a career corresponding to the qualification gained and that would be otherwise impossible to get in Portugal. This means that the high degree of qualifications held has no correspondence to available jobs in Portugal and that—in most of cases—the salary paid for a potential emigrant's current job in Portugal does not correspond to the expectation of the individual. In many cases, the salaries are so low that it becomes impossible for individuals to live on the basis of their salary alone, which leads many to return to their parents' home or to look for alternative types of accommodation, such as renting a room or sharing an apartment. In this way families feel this problem more acutely and often decide to migrate (Liebig 2003). This corresponds with Runciman's (1966) Relative Deprivation theory and could be called survival strategy (Kaczmarczyk and Okólski 2005). Similar situations have also been found in Lithuania and other Baltic States by Kumpikaitė-Valiūnienė and Žickutė (2017).

Comparing statistical data on salaries with the findings of Gomes (2015) we can see a reason that educated people from Portugal prefer to move to foreign countries with higher salaries. Pires et al. (2015) found that whereas in Portugal the majority of the enquired got less than 1000 euros per month, after they moved from Portugal that value raised to a range between 1000 and 3000 euros, with 7–8% of them receiving above 6000 euros. This is in line with other studies (see, for instance, Borjas 1989a), which have found that migrants follow opportunities wherever they are. Many emigrants look positively on the possibility of migrating to other country and not so positively on the possibility of returning home. This tends to be the case at least in the initial stages of their emigration. Looking to the future, we could have an idea that diaspora of this new wave will have an impact on the growth and internationalisation of businesses in other countries (Minto-Coy 2016).

Moreover, in Portugal, as in many countries, there are professional groups that are markedly more stigmatised than others by the effects of the crisis and by labour imbalances. Therefore, it is within these professional groupings that more arguments are put forward for labour unions, professional orders and special-interest groups. One of the professional groups that Portuguese press has paid the most attention to is nurses. According to Dual Labour Market Theory (Piore 1979), the labour market has been divided into two sectors: the primary, which includes attractive jobs, and the secondary, which includes dirty, dangerous and difficult jobs (Jennissen 2004). It is said that native inhabitants take most of the attractive jobs, while the secondary jobs are most often undertaken by immigrants. It is common to see news in Portugal about the nurses' situation, whether it is about the low salaries paid in Portugal

Table 1 Emigrants by type of emigration and sex

Years	Emigrants by type and sex						
	Total	Permanent emigrant			Temporary emigrant		
		Total	Males	Females	Total	Males	Females
2010		23,760	19,008	4752			
2011	100,978	43,998	31,329	12,669	56,980	39,958	17,022
2012	121,418	51,958	34,540	17,418	69,460	53,453	16,007
2013	128,108	53,786	35,632	18,154	74,322	55,779	18,543
2014	134,624	49,572	32,274	17,298	85,052	60,827	24,225
2015	101,203	40,377	26,806	13,571	60,826	44,101	16,725
Total	586,331	263,451	179,589	83,862	346,640	254,118	92,522

Source: Prepared according to PorData (Prepared on the basis of data withdrawn from <http://www.pordata.pt/en/DB/Portugal/Search+Environment/Table> at 14/01/2017)

(which dropped to 4 euros per hour in 2012⁷) or about the Portuguese emigrants' living conditions in their host countries. According to Early Decision-Making theory (Lee 1966) or Rational Expectation theory (De Jong and Gardner 1981), a disproportion of labour between sectors can be a reason for migration as well.

2.4 Demographic Characteristics of Portuguese Emigrants

Looking at types of emigration in Portugal in 2010–2015 we can see, in Table 1, that fixed temporary migration is higher than permanent migration. Total migration rates were at their highest in 2014 and started to decrease slightly in 2015. In addition, it should be mentioned that more men migrate than women do: around 70% of men migrate in comparison with 30% of women.

However, an article⁸ presented analysis of Portuguese migrants, where 81% of respondents live abroad more than 10 years demonstrated that distribution among gender was balanced (51% men and 49% women).

Moreover, it should be highlighted that young people aged 20–29 emigrate the most (see Table 2). The number of those who left Portugal whilst aged 30–39 is slightly lower than this cohort. The third group that is most likely to emigrate is people younger than 20 years and the fourth is those people aged 40–49. The reason why young people are more likely to emigrate is because of study opportunities abroad and cheap flight tickets.

Speaking about education of level of emigrants in Portugal, 15.9% of them had tertiary education in 1990 and this number increased up to 19.0% in 2010 (World Bank). 12.9% of all emigrants were highly educated in 2010 (OECD 2013). It was

⁷Retrieved from at 22/09/2016.

⁸Retrieved from <http://expresso.sapo.pt/sociedade/2016-12-30-Portugueses-continuam-a-partir.-A-partir.-E-a-partir.-A-decada-de-60-nunca-mais-acaba> at 03/04/2017.

Table 2 Permanent emigration by age group in Portugal 2010–2015

Years	Total	<20	20–29	30–39	40–49	50–59	60+
2010	23,760	8380	11,403	5409	1290	8	0
2011	43,998	20,964	12,334	9027	6076	2131	671
2012	51,958	5686	21,585	12,567	7258	2569	297
2013	53,786	4522	18,639	12,124	10,397	4821	2769
2014	49,572	3834	16,898	10,846	9747	4763	2740
2015	40,377	4198	15,412	9790	6799	2926	646
Total	263,451	47,584	96,271	59,763	41,567	17,218	7123

Source: Prepared according to PorData (Prepared on the basis of data withdrawn from <http://www.pordata.pt/en/Portugal/Permanent+emigrants+total+and+by+age+group-2522> at 14/01/2017)

18.3% of labour force with tertiary education in Portugal in 2011. Speaking about the main new destination countries, this percent was 36.7% in the UK, 32.9% in Switzerland and 27.5% in Germany.

Previous waves of emigrants were mostly non-qualified. In contrast, the current wave of emigrants can be characterised as having high levels of qualification. According to the report *Education at a Glance (2015)*⁹ Portugal is the OECD country where academic qualifications have been most improved. OECD data shows that in 2011 11% of the Portuguese that emigrated had a university education. This value is higher than the equivalent for 2001 when only 6% of people leaving had a qualification at the level of an academic degree (Elo and Silva 2015).

According to a study coordinated by Gomes (2015), the majority of the highly skilled and well-educated people emigrating in Portugal are aged between 30 and 39 years old. For people in their 40s, we find far fewer people planning to move their lives abroad. In fact, only 10.4% of a sample of 1011 respondents in the study did that (Gomes 2015). The majority of people that responded to the questionnaire emigrated during 2011, and 43% of them who did held a Master's degree.

Moreover, in Gomes' (2015) study, the majority of the respondents declared that they were able to do work that was compatible with their academic qualifications. This made them feel valuable and that their skills had been recognised. Satisfaction levels were high even when people had to perform functions in excess of their initial qualifications. This was seen as a vote of confidence in their abilities and thus translated into job satisfaction.

In another study¹⁰—the Bradramo project: Brain Drain and Academic Mobility from Portugal to Europe—conducted by a consortium of universities (University of Coimbra, University of Porto and University of Lisbon), and on a basis of a 1011

⁹Retrieved from http://www.jornaldenegocios.pt/economia/educacao/detalhe/portugal_tem_baixos_niveis_de_escolaridade_mas_deu_o_maior_salto_entre_geracoes_da_ocde?ref=DET_relacionadas at 27/10/2016.

¹⁰Retrieved from http://www.jornaldenegocios.pt/economia/detalhe/mulheres_ate_40_anos_e_solteiros_dominam_emigracao_qualificada_portuguesa, in 3 April 2017.

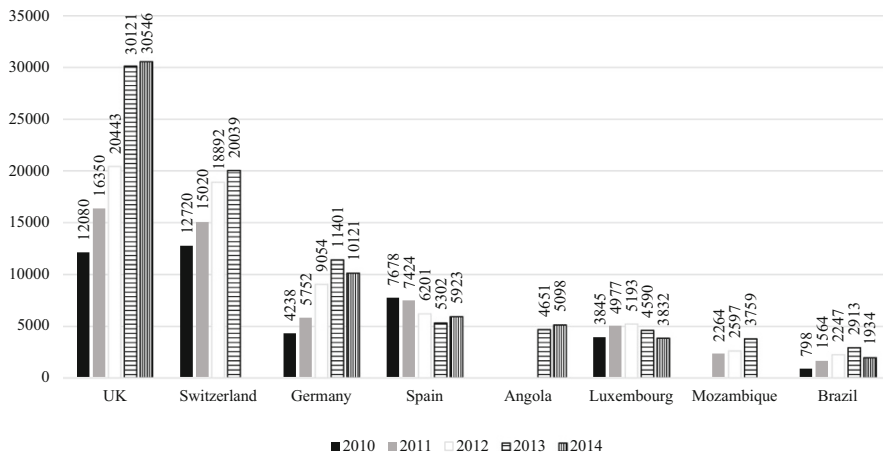


Fig. 5 The main destination countries of Portuguese emigration 2010–2014. Note: Prepared by the authors on the basis of data from “Emigração Portuguesa - Relatório Estatístico”, Observatório da Emigração (2015)

sample of migrants with at least a degree highlighted that 43% of them had a master degree and even 22% holding a PhD (Pires et al. 2015).

2.5 The Main Changes of Destination Countries of Portuguese Emigrants

Brazil, as it was already mentioned before in this chapter, was the main destination country of Portuguese migrants during period of 1820–1950. More than two millions of citizens left a country during that period. France and Germany became new destination countries in 1950–1974. In most of cases these migrants moved to France, which is why we can find such a high number of Portuguese emigrants living there (around 0.6 million).

During the third wave of migration, which started in 1985–1992, Switzerland went in to leading destination countries of Portuguese emigrants (Baganha et al. 2005).

According to Pires et al. (2014), there are three distinct sets of destination countries for nowadays Portuguese emigrants:

1. The ones with an older population on the American continent (Brazil, Canada, USA and Venezuela). However, according to Fig. 5 and looking at mentioned countries, we could see that just Brazil stayed in the list of the most attractive destination countries. Emigration rate increased their by 22% during 2009–2013 (Observatório da Emigração 2015).

2. Those facing renewed Portuguese emigration (Germany, France, and Luxembourg). The most recent wave of emigration from Portugal, before the period being discussed in this chapter occurred in the 1960s to countries such as France, Luxembourg, Germany and Switzerland, and was characterised by the low qualification levels of the people emigrating. In this group, Luxembourg assumes a relevant role, considering that this country, alone, counts in its population 16.5% of Portuguese.¹¹ In addition, data from 2014 shows that 18,000 Portuguese moved to France, 15,221 to Switzerland and 10,121 to Germany (see Fig. 5).
3. Those countries that are considered “new destination countries” by younger generations (UK, Switzerland, and Spain). Data from 2014 shows that the most popular destination countries for Portuguese emigrants are the UK (30,546 entries), Switzerland (15,221), and Spain (5923) as shown in Fig. 5. The number of emigrants grew up by 9% to UK in 2003–2013 (Observatório da Emigração 2015).

If we take the recent 2010–2014 period, the United Kingdom has been receiving the bulk of Portuguese emigrants. At the same time, Portuguese-speaking countries have fallen out of the most preferred countries for Portuguese emigration. In fact, Angola, Mozambique and Brazil take positions number 6, 8 and 11 in the ranking respectively, according to Observatório da Emigração (2015). Macau, a former Portuguese territory until the handover to China in 1999, is ranked number 19 according to the newspaper *HojeMacau*.¹² These countries might be considered to be more appealing in terms, due to the former colony-coloniser relationship and/or because of a shared historical past, as well as the use of the same language. However, these factors seem to be losing importance. In addition, unsurprisingly, Nordic countries entered recently in the list of preferences of many qualified people, as we can see in Gomes (2015). Between 2003 and 2013, Portuguese inflows increased in Norway (+31%) (Observatório da Emigração 2015).

3 The Main Reasons of Destination Countries' Changes

The main reasons of destination countries changes could be connected with English language popularity's growth, educational and career possibilities and development of cheap airlines.

¹¹Retrieved from <http://www.politico.eu/article/luxembourg-migration-crisis-eu-asylum-refugees/> at 30/01/2017.

¹²Retrieved from <https://hojemacau.com.mo/2015/10/30/emigracao-menos-portugueses-em-macau-territorio-e-o-19o-local-mais-apedecido/>, at 18/10/2016.

3.1 Language

Historically, language had a big impact on destination selection for a long time. “Minha patria é a língua portuguesa”, which literally means “my motherland is the Portuguese language”, is the most popular quotation from Pessoa’s *Book of Disquiet* (Pessoa 1913). It is considered as an ode to the Portuguese language, which is the sixth most widely-spoken native language in the world and the third most-spoken European language in terms of native speakers.¹³ For decades this sentence has been associated with the union felt among those that speak Portuguese. Currently Portuguese is the official language of Portugal, Brazil, Angola, Mozambique, Cape Verde, Guinea-Bissau, and São Tomé and Príncipe. It also has co-official language status in East Timor and Macau.¹⁴

Pessoa’s poem refers to a patriotic feeling and appeals to a feeling of respect towards the Portuguese language, therefore suggesting that language is an important shared factor between these countries. Pessoa’s sentence is frequently used as an appeal for the countries that speak Portuguese to be united, thus creating a kind of motherland. This means that, in some sense, these countries belong to the same nation because they share a language. This is very important in terms of the priority Portuguese migrants give to these countries, as they are seen as almost natural extensions of a single country’s borders. It is as if a Portuguese native speaker could consider any one of them as home. Therefore, when a Portuguese citizen looks for better opportunities they can expect to find them in this “homeland” where the comfort of “being at home” would be fostered due to the ability of being able to express oneself in the same language. Hence, we can say that language encourages migrants to choose one of the other Portuguese-speaking countries as a destination for migration, where the feeling of home can be perpetuated.

Until the 1980s, French was the most commonly chosen second language of most fifth grade students in the Portuguese public educational system. However, this changed with the loss of relevance of that language, mainly due to the prominent role gained by English in film, television and other cultural media. In addition to this shift in the second language being studied from French to English, English also began to be taught before the fifth year: first as an elective, considered as enrichment activity, then as a compulsory course. According to law 176/2014 passed in 2014 (Direção Geral da Educação 2014), English was defined as a compulsory language from the third grade in public schools.¹⁵ Currently, therefore, all students enrolled in the third year and beyond will have to pass English in order to proceed to the next grade; this practice had already been established in private schools before the law was passed.

¹³In “CIA World Factbook”, retrieved from <https://www.cia.gov/library/publications/the-world-factbook/geos/xx.html> at 26/10/2016.

¹⁴And since 20/07/2010 also in the Equatorial Guinea.

¹⁵According to the Portuguese Ministry of Education, retrieved from <http://www.dge.mec.pt/legislacao> at 16/1/2017.

Nevertheless, the trend to speak English among students has an older explanation. Just like any other young people, English almost a natural second language for the current younger generation. A comparison of the numbers of school children studying foreign languages across the EU (Eurostat 2017) reveals that the average child from the EU knows 1.7 foreign languages. At the same time Luxembourgish pupils know three foreign language, and Irish and Greek children know one foreign language. Portuguese pupils know just 0.8 foreign languages, which demonstrates that Portuguese language still remains very important to its citizens, even though there is a clear trend to add English as a language skill. And even though there is still room for improvement in terms of the number of young people being able to speak English, it seems unquestionable that the Portuguese rank well in the quality of the English spoken. According to the English Proficiency Index, countries such as Sweden, Netherlands, Denmark, Norway, Finland, Slovenia, Estonia, Luxembourg and Poland are considered to have a very high proficiency. Portugal is not part of the leader group. However, its position in the ranking is growing steady and according to the 2015 report is ranks 13 out of 70 countries assessed, which grants it the classification of high proficient. Portugal ranks above Spain (23), Italy (28), Hong Kong (33), Russia (39), Brazil (41) and China (47). France (37) is dropping in the list and is currently considered to have low proficiency of English (EF 2015).¹⁶

Furthermore, we need to say that there is a long tradition in Portugal of subtitled American movies rather than dub them which is probably the reason why in English examinations, Portugal normally scores better in listening than in reading. On the basis of the Report of Test takers Worldwide of 2015, in a list of 46 countries, Portugal ranks 4 in listening and 5 in reading¹⁷ (Educational Testing Service 2015). As for TOEFL takers, within 45 European countries tested, Portugal is placed in 73.33% percentile, according to European Testing Service (2016) report on takers of that exam during 2016,¹⁸ with a final score of 94, which is precisely the same obtained by UK takers of the exam.

3.2 *Educational Possibilities*

The number of Portuguese young people that previously had an Erasmus study abroad experience (around 81,000 by 2015)¹⁹ migrate quite often. It corresponds with findings of Sell and de Jong (1978) have demonstrated, the desire to access

¹⁶ Available at http://media.ef.com/_/~/media/centralescom/epi/downloads/full-reports/v5/ef-epi-2015-english.pdf, retrieved at 4/4/2017.

¹⁷ Available at https://www.ets.org/s/toeic/pdf/ww_data_report_unlweb.pdf, retrieved in 4/4/2017.

¹⁸ Available at https://www.ets.org/s/toefl/pdf/94227_unlweb.pdf, retrived 4/4/2017.

¹⁹ Retrieved from <http://expresso.sapo.pt/sociedade/2015-11-01-Geracao-Erasmus.-A-mobilizar-estudantes-desde-1987> at 27/10/2016.

better opportunities for self-development and career dreams can also influence people to emigrate.

In addition, the existence of training programs abroad such as the “Programa Contato”²⁰—a program co-financed by EU that aims at providing quality training to young graduates in an international context—has contributed to the increase in emigration. One of the benefits of this program is the use of an informal knowledge network and a growing international contact network: the “networkcontacto”.²¹ In programs like this, graduates are given the opportunity to work abroad, experience that is in many cases followed by the decision to stay in the host country, whether in the same company or not, or to migrate again elsewhere. These are just some examples of the factors that form the basis of widening the opportunities for young Portuguese potential emigrants. Already in 1962 Sjaastad (1962) in his Human capital theories highlighted that a perspective of the distinctiveness of migrant knowledge. Moreover, Chorny et al. (2007) pointed out that migrants are often young and qualified individuals. In addition, according to Sjaastad (1962), the decision to migrate abroad is an investment because an individual increases his or her employment potential or takes advantage of the opportunities available to those students who choose to study abroad.

3.3 *Traveling Opportunities*

A final reason it should be mentioned that better traveling opportunities beside education programs and English encourage people to emigrate. The figures reflect the existence of good and cheap opportunities for travelling within Europe as a result of the growth of low cost flights to and from Porto, Lisbon and Faro. Low cost companies started flying to Porto in 2005 and to Lisbon in 2009. Such companies as Ryan Air, Easy Jet, Transavia, Air Berlin, Vueling, Germanwings, Monarch, Wizz Air and Brussels Airlines, just to name few among all operating in Portugal.

²⁰Retrieved from <http://www.portugalglobal.pt/PT/InovContacto/Paginas/AboutInovContacto.aspx> at 27/10/2016.

²¹Programa Contacto is on its 20th edition and since 1997 it was able to provide an international professional experience to 4742 young graduates in all fields. The majority of these young people was offered the possibility of having a professional career abroad. Programs like this, contrary to a regular self-expatriation experience, are regarded as very positive considering that they formally contribute to the increase of its attendee’s skills. As a matter of fact this program has been receiving national and international recognitions and and it was considered as good practice by OECD (in 2008) and by European Union (in 2010) in the context of contribution for the potential of cultural and creative Industries in particular that of the SME’s. n November 2013 it was invited by SFE—integrated in the initiative school to work—to be present in the European Union presidency in Vilnius, Lithuania as one of the 20 best practices initiatives ever co-financed by SFE in order to explain how it works and to be replicated in other European Union Countries. In 2015–2016, it has been selected to be one of the success programs supported by community funds promoted at local (country) level.

Apparently the operations of these companies from and to Portugal contributed to lessening isochrones to major cities in the world and increased the number of places in Europe reached in less than 3 hours.

4 Discussion and Conclusion

Due to the economic crisis experienced in parts of Europe, namely in Portugal that was intervened by troika from 17/5/2011 to 17/5/2014,²² the alternative seems to be for young people to emigrate in order to find opportunities elsewhere. This corresponds with Iravani's (2011) findings that emigrants are normally in the most productive phase of their professional lives, which means that leaving the country at this stage may entail a significant loss in terms of human capital.

In the Portuguese case these conditions push people to work abroad in better positions than many other foreign citizens, relegating to second place the previously held argument for the common language factor as key in emigration. However, this common language factor gains relevance in relation to the younger generation's choice to favour English as their second language, which makes the commonality of the language spoken regain its previously-held role in influencing migration. This helps to explain why the UK has recently caught the attention of so many Portuguese people in their quest for new opportunities.

As a result, we can say that emigration, in most of the cases, can be considered to be a double-edged sword, and any possible outcome of this will be only fully understood in the future. Although emigrants often think that the experience abroad will be useful and relevant when, hypothetically, they return back home, this is almost a taboo topic and normally no one dares to suggest the length of time that is considered acceptable for the emigration experience. No one knows either if a personal relationship or other type of bonds in the meantime created, would not limit the possibilities of a return. However, aside from that, labour market seems to still play a pivotal role in this decision. According to Costa et al. (2016), Troika actually led to the deterioration of employment, health and education, and to an increase in inequality in various dimensions. These are wonderful promoters of emigration. And while its effects still endure, those who left are unlikely to return. Pires et al. (2015) found that 43% of emigrants expect to be away for more than 10 years, thus displaying some discontentment with the Portuguese labour market and overall the political and economic situations.

As it was mentioned before, everyone in Portugal seem to know of someone close that "had to" emigrate. This is also, simultaneously, considered to be an inevitable situation as no one wants their relatives to stay and face the difficulties in raising a family, in some cases. This is perfectly reflected in Pessoa's poem "Ó Mar Salgado!"

²²In <http://www.tvi24.iol.pt/economia/tvi24/fim-da-troika-e-depois-do-adeus> and <http://www.jornaleconomico.sapo.pt/noticias/herr-tartuff-147235> consulted in 21/4/2017.

written in 1934 in the book “Mensagem”. However, despite the idea was put forward long time ago, it is still valid in some circumstances.

Presented situation highlighted that Portugal loses its human capital, which according to Temple (1999) is one of the main factors on which the development of a country can be based. Thus, even if a positive outcome from the migration experience has to be taken into account, the expected value of any possible positive outcomes are pushed so far into the future that anticipating it now seems to be very complicated. Moreover, Borjas (1989b) found that return migration is more likely among migrants who were not satisfied with their work abroad. Therefore, if the situation with salaries and career possibilities is not changed in Portugal, migration flows will remain almost the same and remigration will not increase. Therefore, we can say that, even though the “pain” traditionally associated with the well-known phenomena of emigration in Portugal is smoothed now due to high qualification levels and language proficiency skills, the damages it can cause in the nation are significant at various levels, being economic and social the most noteworthy. Time will tell.

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Four Lithuanian Emigration Waves: Comparison Analysis of the Main Host Countries



Vilmantė Kumpikaitė-Valiūnienė

Abstract Lithuania gained its Independent from the Soviet Union after a 50 year occupation in 1990. The country went through an economic, political, social and cultural transformation, which affected the lives of its citizens. All these changes influenced emigration from Lithuania. This chapter reviews four emigration waves of Lithuania from 1990 to 2016. In addition, the chapter presents the results of an empirical study provided with Lithuanian diasporas in the four main destination countries, including the UK, Norway, Germany and Ireland during four emigration waves. The results revealed the main push and pull factors, which influenced people to depart to those countries. Low wages in Lithuania was highlighted as a primary factor in all host countries and its significance grows during all migration waves of modern Lithuania.

1 Introduction

The number of international migrants reached 244 million in 2015 for the world as a whole (United Nations 2015). This number, according to the same source, increased by 41% compared to 2000. This demonstrates the growing relevance of studies a diaspora can have on both the home and host countries even as of 2003, Meyer (2003) wrote that such population movements have become more fluid, with greater opportunities to maintaining links and increased interaction between home and host country. According to Minto-Coy (2011), the past two decades have seen significant growth in the body of work on population movements generally referred to as diasporas.

This chapter focuses on the case of Lithuania. It is counted that one in six citizens has emigrated from Lithuania in the last decade.

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Lithuania restored its Independence from the Soviet Union after 50 years in 1990. Independence brought the collapse of existing political, social and economic systems. The change from command to market economy caused many companies' bankruptcy and rapid growth of unemployment (Stankunas et al. 2006). At the same time, the transition from a communist to democratic system influenced growing inequality among citizens which increased, corresponding with findings of Pridemore et al. (2007) and Cao and Zhao (2010). In addition, the failure of the economy influences the alienation and consequent emigration of citizens (Kaminski 2014), and this situation was seen in Lithuania. Emigration became one of surviving strategies for citizens after such big changes (Kumpikaitė-Valiūnienė and Žičkutė 2017). Lithuanians started to migrate to the United States, which historically was always very attractive for Lithuanian emigrants (Kumpikaitė-Valiūnienė and Žičkutė 2016). Moreover, Lithuania has taken a leading position for emigration among all European Union countries since it joined the EU in 2004. Looking at the Lithuanian migration picture from 1990, four waves of emigration can be identified. Moreover, changes of host countries are fixed during that period.

Therefore, *this chapter aims* to present a comparison analysis of push and pull factors in the main Lithuanian host countries (the United Kingdom, Ireland, Norway and Germany) according to four Lithuanian emigration waves in period of 1990–2016.

The chapter is organized as follows: the first section gives a brief introduction of four migration situations and their waves in Lithuania during 1990–2016. It continues with Lithuania in the migration picture of the EU. The second section reviews Lithuanian diasporas in the main host countries. It consists of introduction of the main destination countries and an overview of the main economic factors in those countries. The third section presents an empirical study of emigrants in the main host countries the UK, Ireland, Norway and Germany. Comparison analysis according to four emigration waves is developed. Moreover, some “Brexit” issues are reviewed in the third section also. This is followed by conclusions highlighted from the conducted study.

2 Migration Situation in Lithuania

2.1 Four Migration Waves in Modern Lithuania

Officially, almost 150,000 citizens emigrated over the past 10 years and about 670,000 people left from Lithuania during 1990–2011. However, there is no very clear official statistics about emigration numbers. According to Rakauskienė and Ranceva (2013) just 55% of emigrants declared their migration after 1990.

This period could be divided into 4 waves (see Fig. 1):

1. Migration after Independence, 1990–2003;
2. Migration after joining the EU, 2004 (May)–2008;

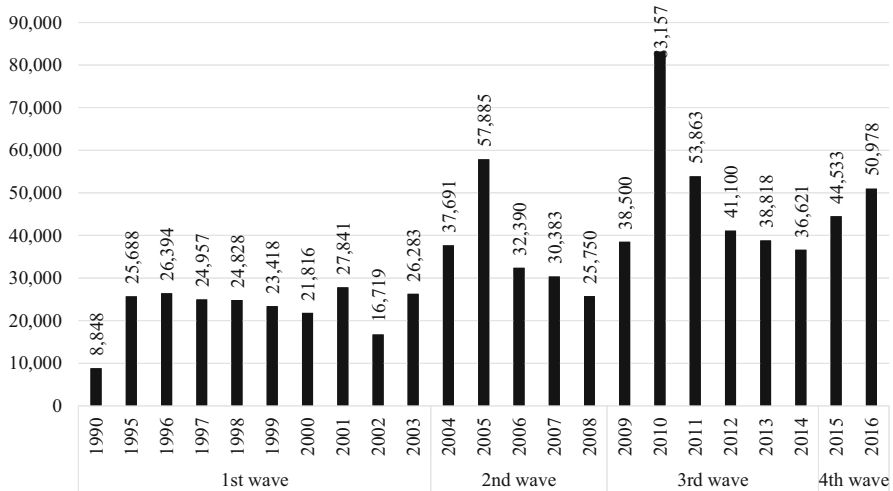


Fig. 1 International emigration ratios in Lithuania 1990–2015. Note: Designed by the author in accordance with Source: Statistical office of Lithuania 2016, www.stat.gov.lt

3. Migration connected with economic crisis and joining Schengen zone, from 2009;
4. Migration after joining Euro zone, 2015– now.

The first migrants from Lithuanian after gaining Independence were members of the Soviet army and their family members repatriating to Russia. In addition, the Jewish community left to Israel as they gained the possibility for free movement. The migration of Lithuanians started in 1992 and 1993, when the country from planned economy started to change to free economy. Many companies closed, the unemployment rate rose from 0% in 1990 and grew to 14% in 1994 and 17.1% in 1995 (official calculation of this indicator started just in 1994). Kaminski (2014) noted that citizens’ lives are influenced when society has political, economic, social and cultural transformations. In addition, during such rapid changes, the inequality among citizens grows (Cao and Zhao 2010). Having such big changes in economic, social and political life, people started seeing migration as a means of survival in Lithuania. Moreover, migration was as a part of a business strategy. Citizens started to go abroad to buy goods and to sell them after returning to Lithuania. The USA was the most attractive destination country for migration in that period. Many students applying for visas and going to the USA with the “Work & Travel USA” program went there and stayed for longer. Other countries with high wages, such as Germany and the UK, were attractive destinations as well. Spain, with its geography and possibility to work in gardens, became attractive for emigrants as well and became a number four destination country for Lithuanians. The majority of migrants were illegal and did not declare during this first phase of migration of Modern Lithuania.

The period when Lithuania joined the EU in May of 2004, was the beginning of the second big wave of migration from Lithuania as the EU labour market opened its

borders for Lithuanians. During that period, the United Kingdom became the number one destination for emigrants, leading against the USA. Ireland became number three, Germany fell to number four and Spain to number five. It should be mentioned that unqualified, qualified employees and criminals left Lithuania during that period. This period's strategy from "surviving" (in the majority of cases) changed to a strategy of "ensuring the livelihood of retirement", "better education" strategy and "career" strategy. The biggest flow of migrants was counted in 2005. It was 57,885 declared citizens, in comparison with 26,283 in 2003 and 32,390 in 2006. Emigration flows from Lithuania started to decrease from 2006 to 2009. This decrease was connected with the "gold time" of Lithuania, when the unemployment level decreased to 4.2% in 2007, and wages grew. Economic development was seen very well and stability in Lithuania finally arrived. During the period from 2004 and 2009, on average 16,000 people emigrated from Lithuania annually.

However, this continued just for a few years, before the economic crisis came to Lithuania at the end of 2008. Economic crises as well as imbalances in the wage system created by migration influenced the third wave of migration in Modern Lithuania. According to Kaminski (2014), the failure of the economy influences the alienation and consequent emigration of citizens. The unemployment level jumped 2% and people started seeing emigration again as a "survival strategy". This period had the highest levels of emigration. However, it should be mentioned that it started to be more declared at that time. Eight three thousand declared their departure in 2010 and 54,000 in 2011. This huge growth of declared migration was connected with new laws for all permanent residents of the country to pay compulsory health insurance. Therefore, many people who did not register their departure earlier did this in 2010. We can see the number of emigrants increased by several times in comparison with previous period. Young people started to migrate because of better education strategies. The UK kept its leading position as the number one destination country. However, Ireland took number two, Germany number three and a "new" destination country, Norway, went to position number four. The USA stayed number five and Spain went in to sixth position. It looked as though economic stability had already returned and migration flows would stop or at least decrease. As Pridemore et al. (2007) mention after the adoption of new systems economic and social equilibrium had to return and emigration should decrease.

However, reality showed it differently. Lithuania joined the Eurozone from 2015. Citizens felt quite a rapid increase of prices and almost no change in wages. It appeared as though Lithuania still had not provided sufficient well-being for its citizens. Emigration continued in 2015 and 2016. Forty-four thousand five hundred and thirty-three citizens left Lithuania in 2015 in comparison with 36,621 citizens in 2014. In addition, the emigration number increased in 2016 up to 50,978. Statistics show that the fourth emigration wave of Modern Lithuania started again. Therefore, it is evident that emigration as a "survival strategy" continues in Lithuania. In addition, more cases of a "new start" strategy appeared.

2.2 Lithuania in the Migration Picture of the Current EU

Migration flows of all today's EU members during 1990–2014 are presented in Fig. 2. According to this information we can depict countries with positive migration flows (14 countries), with negative migration flows (4 countries) and with changing flows (10 years) in the analysed years. The biggest immigration number per 1000 inhabitants was fixed in Cyprus and Luxemburg. Those two countries had in average more than 10 immigrants per 1000 citizens in analysed years. Malta, Austria, Sweden and Germany also had high immigration rates. In addition, Belgium, Denmark, Netherlands, United Kingdom, Finland, Italy, Hungary and France are countries with positive inflow of emigrants too. Czech Republic and Slovakia are the countries where migration flows changed from negative into positive in 2000 and 2014. Ireland, Portugal and Spain were changing from emigration to immigration and finally again to emigration countries. However, Poland, Estonia and Slovenia, which usually are known as emigration countries, had a positive inflow in one of analysed years. Romania, Latvia and leading Lithuania with Bulgaria had negative outflows of migrants in all cases.

Comparing Lithuania with other Baltic States (Latvia and Estonia), we can see that migration from Estonia is low, from Latvia it increased in the last years and from Lithuania is high for the last 25 years. Moreover, these are for mostly non-economic reasons as political and economic changes were very similar in all three Baltic States. However, it could be explained by a feeling of injustice. For example, a study of Zickute (2013), based on Burkhauser et al. (1996) proposed criteria, which tells that the middle-class should include those inhabitants, whose income exceeds the poverty risk line by 2–5 times showed that Lithuania's distribution in inequality increased rapidly from 2007 to 2011. "There was 40% of the population belonging to the middle class in 2007, while only 9% of middle class and even 90% of poor citizens in 2011" (Zickute 2013). Twenty seven percent of Latvians were in the middle class and 70% in the working class in Latvia in 2007 and 2011. Estonia, according to its data had a "fair" society class distribution. The majority of the population were respectively 50 and 60% in the middle class in 2007 and in 2011. In addition, it could also be an image formed by media that justice is missing. This is reinforced by the media, forming a negative opinion. However, it needs a deeper analysis.

3 Lithuanian Diasporas in the Main Destination Countries

3.1 The Main Destination Countries of Lithuanian Emigrants

Looking at the main destination countries (see Fig. 3), the top six countries are highlighted. These results already we presented shortly in the subsection "The main

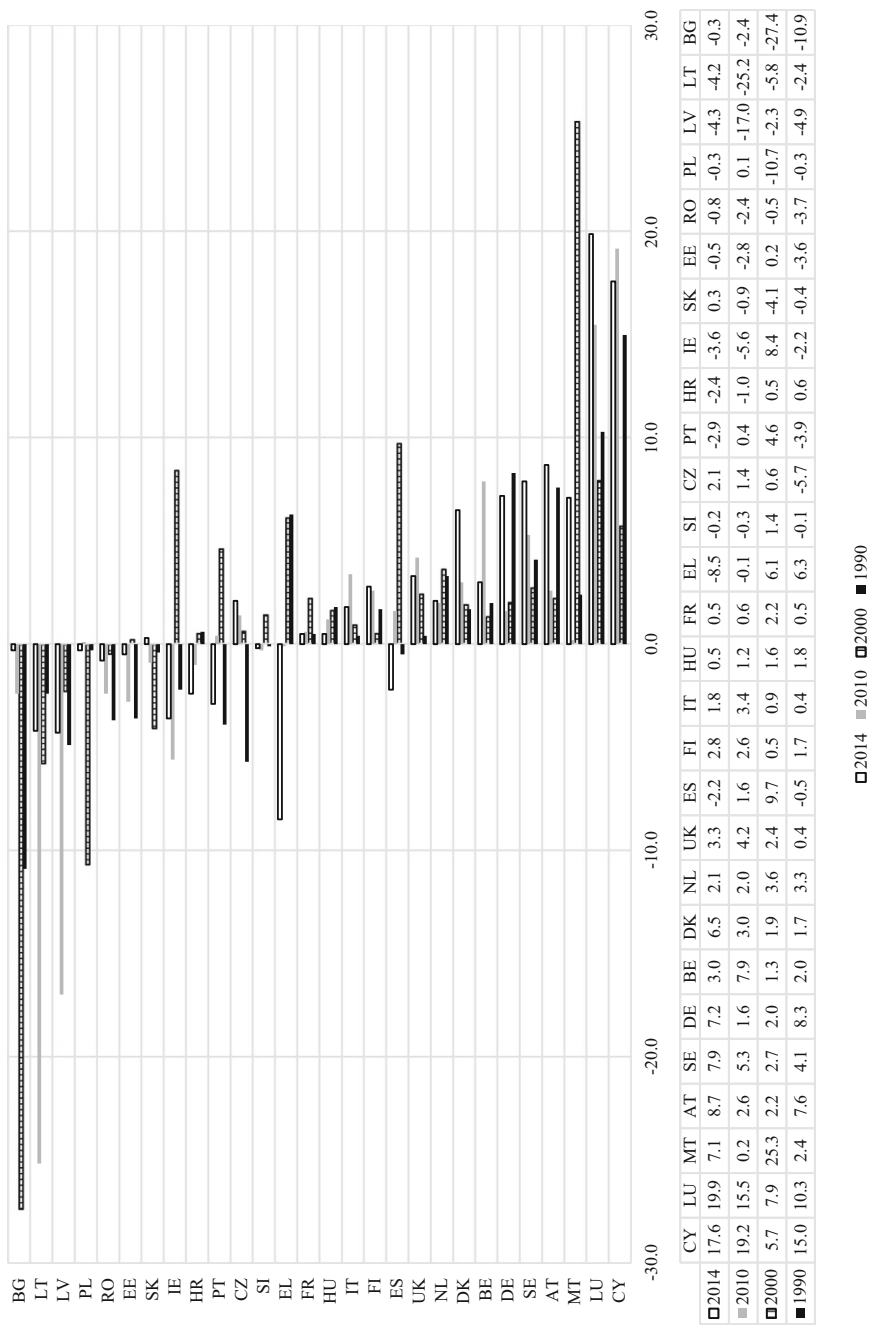


Fig. 2 Migration flows in Europe in 1990–2014 (number of migrants per 100 citizens). Source: Designed and calculated by authors in accordance with the Statistical office of the European Union Eurostat (2015a)

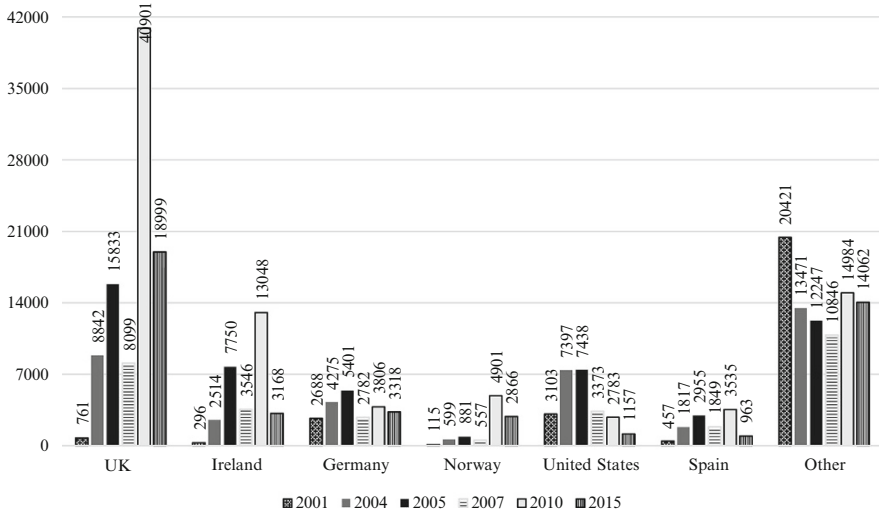


Fig. 3 Emigration from Lithuania by its destination countries. Note: Designed by the author in accordance with Source: Statistical office of Lithuania 2016, www.stat.gov.lt

emigration waves in Modern Lithuania” of this chapter. The United Kingdom, Ireland, Germany, Norway, the United States and Spain according to the statistical office of Lithuania were highlighted as the main destination countries. However, even looking at statistics of 2001–2015, there are changes of destination countries. The popularity of Norway started to increase during and after the economic crises. The United States was more attractive before Lithuania became an EU member in 2004 and got free movement in it later. The popularity of the UK increased dramatically when Lithuania joined the EU. According to the Lithuanian statistics department, around 147,000 citizens moved to the UK in 2004–2015. The newest data was taken for selection Lithuanian diasporas for analysis. Therefore, the UK, Ireland, Germany, Spain and Norway were selected and presented in more details in this chapter.

3.2 Economic Factors in the Main Destination Countries and Their Connection with the Migration Flows

Figure 4 demonstrates minimum wages and people at risk of poverty in 2015 in Lithuania and its main emigration destination countries in Europe. Data shows that the minimum monthly wage is higher in all destination countries and percent of people living at risk of poverty is lower comparing Lithuania with other presented countries. The Lithuanian minimum wage is more than twice as low as in Spain, which has double the difference with Ireland, Germany and the UK.

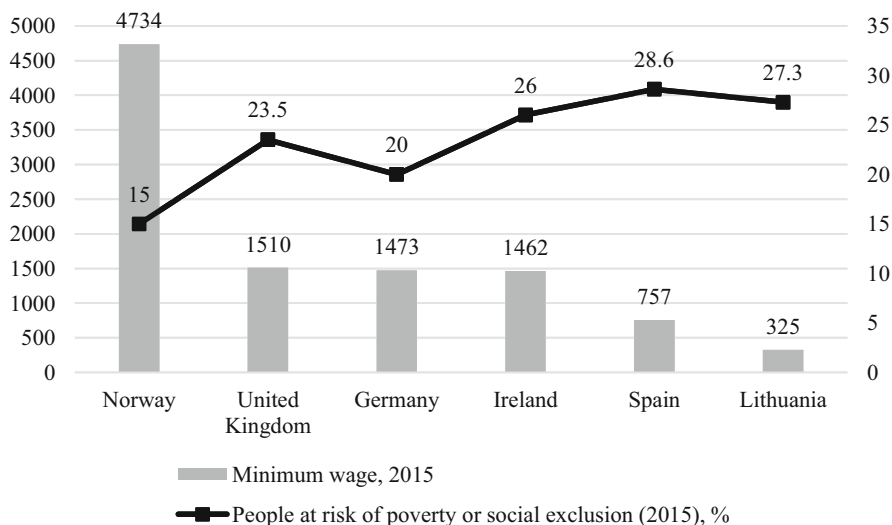


Fig. 4 Monthly minimum wages in bi-annual data and PPS index in 2015. Source: the statistical office of the European Union Eurostat 2017. Note: Norway is not included, as it does not have fixed minimum monthly wage

The average of the risk of poverty or social exclusion was 24.5% in Europe in 2014. In comparison (see Fig. 4) just 15% of citizens in Norway lived at the risk of poverty and social exclusion when this percent was 27.3% in Lithuania and 28.6% in Spain in 2015.

GDP per capita in PPS could be the explanation of not stopping emigration in Lithuania (see Fig. 5). Purchasing power standard increased from 49 (in 2004) up to 75 (in 2015) in Lithuania. However, it is still lower in comparison with Lithuanian emigration destination countries. Norway, which became very attractive for Lithuanian emigrants in last decade, has its PPS at 160—more than two times higher than in Lithuania. In addition, it is an interesting fact that Spain, even though its minimum wage and PPS are at a very middle level, is still attractive for Lithuanians because the mentioned indicators are higher than in Lithuania and moreover, Spain has more attractive weather for Lithuanians.

According to a regression analysis depicting the main economic factors in Lithuania, it was found that the unemployment rate, the Gini coefficient and Tax Freedom Day explains 70.7% of emigration reasons (Kumpikaite and Zickute 2013). The biggest influence for the emigration rate from highlighted indicators has the Gini coefficient and the lowest—unemployment rate. The Gini coefficient demonstrates income inequality. When the Gini coefficient is higher than 30, inequality of incomes becomes an important issue in the country. The comparison of those main factors such as the Gini coefficient, Tax freedom day and unemployment level are presented in Table 1.

According to that data, the Gini coefficient is lower in all destination countries with some exception in Spain in comparison with origin Lithuania. The lowest Gini

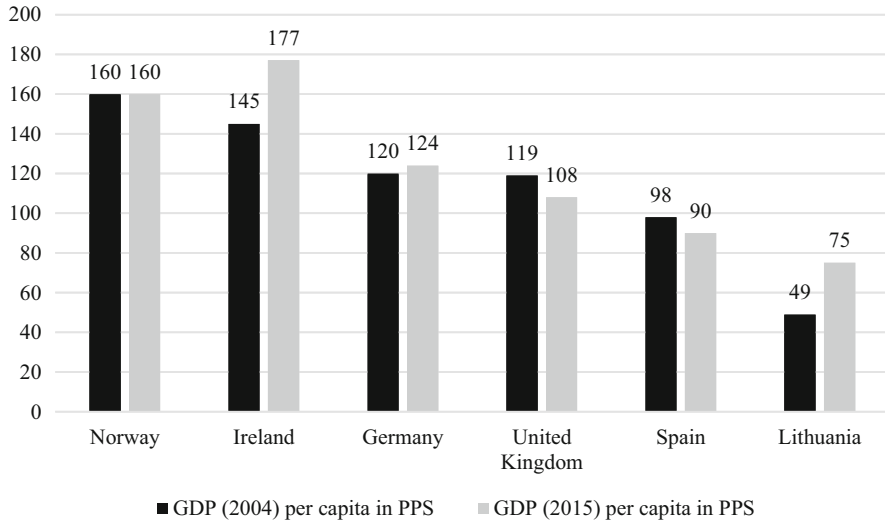


Fig. 5 People at risk of poverty or social exclusion and GDP per capita in PPS in Europe in 2004 and 2015. Source: the Statistical Office of the European Union Eurostat (2015b) and (2016)

index is fixed in Norway and does not exceed 30 in 10 years, and Germany, where the index reached a level of 30 in 2007–2008 and 2014–2015. The UK, even as the main destination country for Lithuanians has its Gini coefficient at 30 but it is lower than in Lithuania. In addition, looking at tax freedom day, it is the shortest in the UK and the longest in Germany and Norway. Tax freedom or liberalization day demonstrates how long European employee in average should work for taxes. It is seen that tax freedom day arrives to Germany and Norway only in July. It means that employees work for taxes for more than a half of the year there. The Lithuanian tax freedom period became shorter in the explored 3 years and should arrive in May in 2017. It is forecasted that tax freedom day will be the earliest in comparison with the other explored countries in Lithuania in 2017. However, Lithuanians had to work 1 month longer in comparison with employees in the UK, Ireland and Spain in 2011. The unemployment rate as well as the Gini index could explain the increased popularity of Norway as the destination country to Lithuanian migrants. Once again, the unemployment rate was higher in Lithuania after economic crises in comparison with all analysed destination countries during most of that period. The exception was 2006–2008—the “golden years” of Lithuania. However, the unemployment rate was similar in Ireland as in Lithuania but Lithuanians still kept going there. Notwithstanding, remembering the minimum wage and PPS in Ireland (see Fig. 4) it was much higher in Ireland than in Lithuania. However, statistical data demonstrated that the economic situation became worse in Spain. Therefore, it could be the reason of decreased Lithuanian emigration flows to that country.

Table 1 Some economic factors of Lithuania and destination countries in 2005–2015

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Gini index												
UK	34.6	32.5	32.6	33.9	32.4	33.0	33.0	31.3	30.2	31.6	32.4	–
Ireland	31.9	31.9	31.3	29.9	28.8	30.7	29.8	29.9	30.0	30.8	X	–
Germany	26.1	26.8	30.4	30.2	29.1	29.3	29.0	28.3	29.7	30.7	30.1	–
Norway	28.2	31.1	23.7	25.1	24.1	23.6	22.9	22.5	22.7	23.5	23.9	–
Spain	32.5	32.7	31.9	32.4	32.9	33.5	34.0	34.2	33.7	34.7	34.6	–
Lithuania	36.3	35.0	33.8	34.0	35.5	37.0	33.0	32.0	34.6	35.0	37.9	–
Unemployment rate												
UK	4.8	5.4	5.3	5.6	7.6	7.8	8.1	7.9	7.6	6.1	5.3	4.8
Ireland	4.4	4.5	4.7	6.4	12.0	13.9	14.7	14.7	13.1	11.3	9.4	7.9
Germany	11.3	10.3	8.7	7.5	7.8	7.0	5.8	5.4	5.2	5.0	4.6	4.1
Norway	4.5	3.4	2.5	2.5	3.2	3.6	3.1	3.0	3.3	3.2	4.1	4.7
Spain	10.2	9.0	8.2	11.3	17.9	19.9	21.4	24.8	26.1	24.5	22.1	19.6
Lithuania	8.0	5.2	3.8	5.3	13.6	17.8	15.4	13.4	11.8	10.7	9.1	7.9
Tax freedom day in 2011												
	2011	2015										
UK	May 17	May 9										
Ireland	May 10	May 28										
Germany	July 11	July 10										
Norway	–	–										
Spain	May 19	June 7										
Lithuania	June 19	June 10										

Source: The statistical office of the European Union Eurostat, 2016 and PORDATA (2016), Institut Molinary www.institutmolinary.org

4 Empirical Study of Emigration Waves in the Main Lithuanian Host Countries

4.1 Push and Pull Factors as Theoretical Background for a Study

As the basis of the study, the push-pull factors were taken (see Fig. 6). Kumpikaitė-Valiūnienė and Žičkutė (2017), which present these factors in more detail. According to Martin (2003) individuals are motivated and sustained by three major types of influences. Positive and negative factors in the origin area are called demand-pull factors, positive and negative factors in the destination area are called supply-push factors and the third network factors connecting origin and destination countries. Early decision-making theory (Lee 1966), cited by Maslauskaitė and Stankūnienė (2007) identifies also personal factors, such as family and personal sensitivity, intelligence, and knowledge about conditions in other countries. According to the push-pull theory (Cohen 1996) people depart because of social and economic forces in the place of origin, or because they were attracted to the place of destination by one or more social and economic factors there. The importance of different factors depends on every person and can change in life periods. According to the Network theory (Massey et al. 1993), the existing migrants’ network helps to find a job, place to live and to decide the mean of travelling (Kumpikaitė-Valiūnienė and Žičkutė 2017).

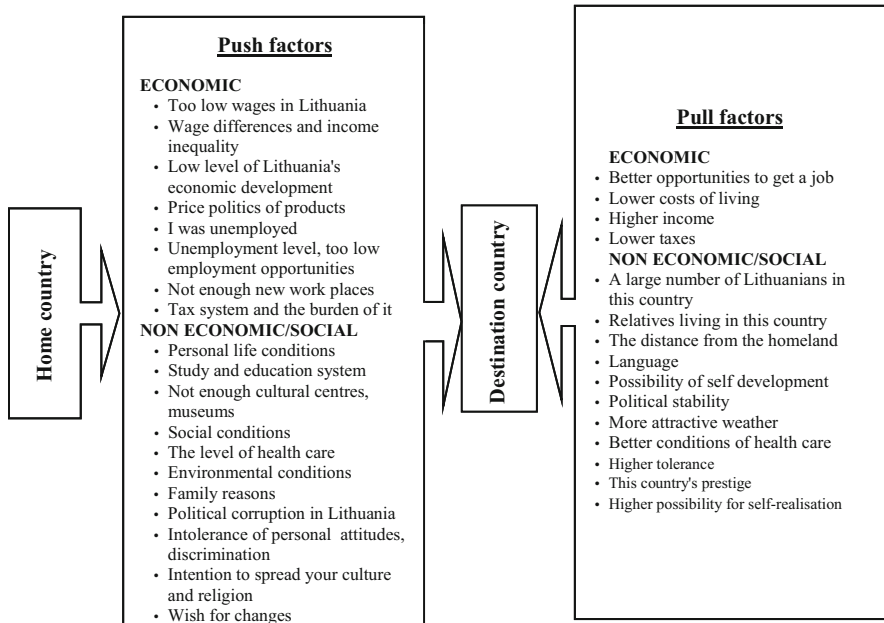


Fig. 6 Push and pull economic and non-economic factors

Regarding the case of Lithuania, such migration networks and created support mechanisms in the destination countries work as pull factors that facilitate the realisation of migration intentions (Sipavičienė and Stankūnienė 2013). Around 80% of Lithuanian residents have migrants in their close social environment (family, friends, relatives, etc.) and 80% of departing citizens find a job abroad through these networks (Sipavičienė 2011). Just an example of one family with six children in Lithuania: one sister and a brother went to the UK as tourists in 1999 and stayed illegally there. One other sister also moved there after several months. Later, when Lithuania joined the EU, two other sisters moved after their school graduation and the mother joined them too. Finally, the oldest sister with her two teenagers followed her family and departed to the UK in 2011. This situation demonstrates that almost every resident of Lithuania could tell similar stories about their relatives, friends or co-workers.

4.2 Data Collection and Sample

One thousand three hundred thirteen respondents from the UK, 692 from Norway, 322 from Germany, 276 from Ireland and 95 from Spain participated in the poll conducted on 24 October 2016 and 29 January 2017. The total selected sample was 4140 during that period. The survey was conducted via Internet contacting Lithuanian diaspora centres in different countries, sharing a link to the questionnaire in social media and asking everyone to spread that information. The questionnaire was prepared based on push-pull factors presented in the previous section. The comparison according to the emigration period and push and pull factors was made in accordance with these countries.

Statistical analysis was performed using IBM SPSS Statistics 23. Percentage and crosstabs analysis for push and pull factors chosen by host countries and emigration waves was used.

The limitation of this is that a small sample of respondents of some periods from some countries took part in this study (see Table 2). Therefore, results are not very reliable. Moreover, Spain was excluded for further analysis for a small sample to look at different emigration waves. Almost 75% of respondents were females. Looking at the respondents' age, the majority of them is at 20–34. This corresponds with statistical data, telling that these groups make up the biggest group departing from Lithuania. However, it should be noted that 32.4% at the age of 40–60 participated in the study in Germany. Speaking about the respondents' education, the most educated respondents live in Ireland and Germany.

Table 2 Number of respondents in accordance with countries and migration waves

Country	Year	No of respondents
United Kingdom	1990–2003	64
	2004–2008	226
	2009–2014	733
	2015–	225
	Total	1248
Norway	1990–2003	38
	2004–2008	103
	2009–2014	390
	2015–	129
	Total	660
Germany	1990–2003	46
	2004–2008	25
	2009–2014	174
	2015–	65
	Total	310
Ireland	1990–2003	41
	2004–2008	121
	2009–2014	79
	2015–	27
	Total	268
Spain	1990–2003	29
	2004–2008	20
	2009–2014	28
	2015–	15
	Total	92

4.3 Comparison Analysis of Lithuanian Diaspora in the UK, Norway, Germany and Ireland

Analysing respondents according to their previous and present occupation (see Table 3), we can see that the majority of them were students, specialists and service employees and sellers. It demonstrates that a part of Lithuanians leave the country directly after graduating a high school, college or university. Generally, just a number of students, the unemployed, housewives, army and service employees decreased, comparing respondents' previous and current occupations. Housewives mostly left the country because of family reasons, following their husbands working abroad.

The biggest employment fields, which explored migrants were employed as service employees and sellers, specialists, and unskilled workers. It should be mentioned that the biggest changes can be seen in unskilled workers. Their number increased from 153 up to 472. However, the number of managers and self-employed individuals increased quite dramatically also (managers from 147 up to 246 and self-employed from 182 up to 236). A high change of managers is seen in the UK (from 29 up to 94) and Ireland (from 7 up to 21). The number of unemployed individuals

Table 3 Number of respondents in accordance with their previous and current occupation

Occupation	United Kingdom		Norway		Germany		Ireland		Total	
	Before departure	Abroad	Before departure	Abroad	Before departure	Abroad	Before departure	Abroad	Before departure	Abroad
Army	10	1	5	0	4	2	4	1	34	4
Manager	29	94	27	29	9	12	7	21	147	246
Specialist	114	125	96	79	36	51	35	35	548	601
Technicians and younger specialist	52	90	46	39	15	35	14	15	215	275
Office employees	120	116	85	47	35	18	24	32	412	335
Services' employee and sellers	236	217	101	142	43	63	69	66	625	665
Qualified specialists of agriculture	10	21	4	32	0	1	0	4	23	92
Qualified workers and masters	102	116	67	92	16	24	14	14	283	355
Plant and machine operators and assemblers	25	83	17	19	7	7	2	7	68	139
Unskilled workers	60	173	24	98	17	28	10	27	153	472
Self-employed	44	60	32	40	18	11	11	13	182	236
Studied	271	53	96	5	54	14	48	3	770	163
Unemployed	67	6	22	4	14	5	15	4	178	30
Housewife	25	6	8	4	10	5	8	4	79	30

mostly increased in the UK (from 60 up to 173) and Norway (from 24 up to 98). In addition, Norway employed qualified specialists of agriculture more than other countries.

Looking at the attractiveness of destinations based on previous occupation, some insights could be given. Ireland was the most attractive country for service employees and sellers (26.7%) among all destination countries. Students selected the UK the most. Even 23.2% of all the UK respondents studied before they left Lithuania. Qualified workers and masters selected mostly Norway and the UK. In addition, Ireland was more attractive for unemployed persons.

Push factors are presented in Table 4. Low wages in Lithuania became more and more important in the UK, Norway and Germany in every wave of migration. This factor remains the most important among all other push economic and non-economic factors. Personal life conditions was the second most important factor to all countries and mostly pushed respondents to depart to Norway. 45.5% of respondents selected this factor in comparison with less than 40% in other destination countries. In addition, 54% of people highlighted the importance of personal life conditions in Norway in the period 2004–2008. Price politics of products is the third most important economic push factor among all destination countries except Norway. Wage difference and income inequality pushed people to migrate rather than price politics to Norway and Ireland. This factor's importance grew considerably after 2015 in Ireland. This corresponds with the Gini indexes in those countries as well (see Table 2).

Speaking about non-economic push factors, Family reasons were the most important in Norway and Germany. The desire to change dominates for more than 30% of migrants before Lithuania joined the EU in Germany. Study and education systems influenced people to leave to the UK at almost 20% and to Germany 13% of respondents. In addition, 28% of respondents left to Germany because of studies in the period 2004–2008. Study and education systems looked the least attractive in Norway. Social conditions were evaluated as the highest in Germany (25.2%). Political corruption in Lithuania moved almost 32% of respondents to move to Norway. However, this percentage is more than 20% for other countries as well. In addition, a fact of political corruption was more important during previous emigration waves. However, Norway is something of an exception, as political corruption pushed to move people in the second and third waves.

Pull factors are presented in Table 5. Higher incomes are the main economic pull factor in all explored countries. Norway is the most attractive in accordance to this factor. 66.7% of respondents selected Norway because of its income possibilities. This evaluation is the highest among all push and pull economic and non-economic factors among the explored countries. In addition, it should be mentioned that this factor is more important in every way in the UK. However, it stayed almost the same in Norway starting from the second emigration wave, when Norway's popularity grew. The UK is much more attractive because of the possibility to get a job there. Its importance also grew during every migration wave in this country. However, the importance of this factor increased for departing to Norway and Germany in the last of analysed periods. In addition, the UK and Germany are preferred because of lower taxes and lower costs of living.

Table 4 Economic and non-economic push factors

Factors	United Kingdom						Norway																																																																																																																																																																			
	1990–2003		2004–2008		2009–2014		2015–Total		1990–2003		2004–2008		2009–2014		2015–Total																																																																																																																																																											
	Economic push factors	44.8	47.3	47.3	28.3	56.5	72.0	57.1	45.9	18.9	61.2	64.4	67.4	63.5	39.7	28.3	35.2	40.9	35.5	18.9	44.7	44.4	38.8	42.0																																																																																																																																																		
Non economic push factors	31.0	17.7	19.4	29.8	21.6	0.0	22.3	21.8	16.3	19.5	36.2	27.9	39.6	50.2	39.3	21.6	38.8	38.5	34.9	36.8	10.3	7.1	9.4	7.6	8.7	0.0	4.9	9.2	3.1	6.8	25.9	14.2	22.2	20.9	20.9	5.4	12.6	18.2	8.5	14.7	12.1	8.4	13.8	16.4	13.3	2.7	9.7	14.9	9.3	12.3	37.9	18.1	22.9	25.3	23.3	10.8	22.3	23.8	21.7	22.4	44.8	35.4	42.2	42.7	41.2	29.7	54.4	45.4	42.6	45.5	12.1	13.7	23.7	22.7	21.2	2.7	12.6	10.0	14.0	10.8	3.4	1.8	1.6	0.4	1.6	0.0	2.9	1.0	1.6	1.4	20.7	11.5	14.1	16.4	14.3	10.8	20.4	22.8	14.7	20.2	8.6	4.0	4.5	5.8	4.9	2.7	8.7	5.9	6.2	6.2	8.6	3.1	2.6	3.1	3.1	0.0	8.7	7.2	5.4	6.7	6.9	17.3	14.1	13.8	14.3	13.5	11.7	21.3	23.3	19.7	37.9	25.2	24.1	24.9	25.1	21.6	32.0	34.6	27.1	32.0	10.3	4.9	7.8	6.2	7.1	5.4	4.9	6.9	6.2	6.4	3.4	0.4	1.1	0.9	1.1	0.0	2.9	0.8	0.8	1.1	20.7	12.4	12.7	23.6	15.0	10.8	12.6	14.6	23.3	15.8

	Germany						Ireland					
	1990–2003	2004–2008	2009–2014	2015–	Total		1990–2003	2004–2008	2009–2014	2015–	Total	
Economic pull factors												
Better opportunities to get a job	28.9	36.0	37.9	26.9	36.1		25.0	19.8	24.1	40.7	24.3	
Lower costs of living	2.2	20.0	14.4	13.5	14.2		15.0	8.3	8.9	14.8	10.1	
Higher income	26.7	52.0	56.9	56.9	51.9		50.0	41.3	38.0	55.6	42.9	
Lower taxes	2.2	20.0	14.4	20.0	14.2		15.0	8.3	8.9	14.8	10.1	
Language	31.1	16.0	24.7	27.7	25.8		20.0	9.9	16.5	14.8	13.8	
Non economic pull factors												
A large number of Lithuanians in this country	0.0	0.0	0.6	1.5	0.6		2.5	2.5	5.1	7.4	4.1	
Relatives living in this country	31.1	36.0	25.3	38.5	30.0		30.0	56.2	69.6	48.1	55.2	
The distance from the homeland	6.7	12.0	13.2	7.7	11.0		0.0	0.8	0.0	0.0	0.4	
Possibility of self-development	28.9	28.0	37.4	32.3	34.2		32.5	20.7	17.7	33.3	22.8	
Political stability	17.8	12.0	16.7	15.4	16.1		22.5	6.6	6.3	14.8	9.7	
More attractive weather	2.2	0.0	9.8	13.8	7.8		0.0	1.7	0.0	11.1	1.6	
Better conditions of health care	24.4	36.0	29.3	16.9	26.5		10.0	4.1	3.8	3.7	4.9	
Higher tolerance	26.7	28.0	31.0	24.6	28.7		32.5	19.8	25.3	29.6	24.3	
This country's prestige	17.8	12.0	10.3	20.0	13.5		10.0	1.7	1.3	0.0	2.6	
Higher possibility for self-realisation	37.8	28.0	31.6	27.7	31.3		30.0	25.6	11.4	29.6	22.4	

Going next to non-economic pull factors, it is evident that relatives living in Ireland and the UK are the most important factors. This was especially important for respondents who left to Ireland in 2004–2016. In addition, this factor is the most important among all economic and non-economic factors in Ireland. More than half of all respondents highlighted the importance of relatives living in Ireland when deciding to migrate. The main reason which pulled to move to Germany, was a higher possibility for self-development (34.2%). This measurement was the highest in accordance with other factors. However, Norway was even more attractive because of this factor (42.9%). The second most important factor was the possibility of self-realisation (31.3%) in Germany. In addition, Germany was leading because of its health care (26.5%), whereas the health system in Ireland attracted just 4.9% of migrants. Moreover, Germany (13.5 and 16.1%) and Norway (13.8 and 20.9%) pulled more Lithuanians because of their prestige and political stability. Norway and Germany were selected for their higher tolerance in comparison with other countries too. Language importance was highlighted by one third of respondents, who migrated to the UK. Weather did not look attractive and almost did not influence decisions to depart among surveyed respondents in analysed countries, as all evaluations were lower than 10%. Moreover, the distance from the home country was not the reason for any respondent from Ireland. However, this is not surprising, as it is more complicated to reach it in comparison with other three countries.

4.4 “Brexit” Influence on Lithuanian diaspora

According to Statistics Lithuania (2016), 147,100,000 residents migrated to the UK during 2004–2015. It is 40.2% of all declared net migration during that period. This is 5.1% in comparison with all population of Lithuania. This percent was lower (4.7%) in 2014. However, “Brexit” could have an influence on Lithuanian migration flows to the UK. “Economists” (2016) writes: “According to the experts consulted, if Britain were to leave the EU, Lithuania would see a decline in UK-bound exports and a decrease in remittances from Lithuanians living in Britain after the end of the withdrawal process, which would take approximately 2 years. Moreover, future emigrants to Britain would face problems in moving to the country and finding employment.”

In addition, according to “Standard & Poor’s” (2016) Brexit will have the biggest impact on Lithuania in comparison with all Eastern European countries. This will happen because of the biggest Lithuanian diaspora living in the UK. According to this agency, 5.4% of Lithuanians live there and their transfers to Lithuania are around 1.2% of the GDP. Therefore, according to “Standard & Poor’s” evaluation, Lithuania is the most vulnerable country (index—3.44), Latvia—the second (3.32), Hungary—the third (2.28), Poland—the fourth (2.03), Slovakia—the fifth (1.69), Estonia—the sixth (1.63).

However, it does not appear to be entirely true. According to the bank of Lithuania, transfers from the UK were 213.5 million Euro or 0.6% of GDP in 2014 and around 300 million Euro or 0.8% of GDP. In addition, a part of Lithuanians

living in the UK probably will move to other countries, such as Ireland or Norway due to “Brexit”. Those people would continue transferring money to Lithuania. Moreover, on the other hand, re-emigrants would have an impact on the GDP working in Lithuania.

The study presented in this chapter included questions about “Brexit” as well. Those results highlighted the following features connected with “Brexit” of Lithuanian diaspora living in the UK. One hundred and thirty-three (133) respondents moved from the UK to other countries and 57 returned to Lithuania. In addition, 111 respondents have different concerns connected with “Brexit” and waiting for the UK decisions for emigrants. In addition, some respondents were motivated to move businesses to other countries or to get citizenship in the UK, 1 respondent returned to Lithuania and 2 moved to other countries from Ireland. Four other respondents from the UK mentioned the decrease of the value of the pound in comparison with the Euro, one got married with a UK citizen to get citizenship and 2 mentioned increased racism. This corresponds with Cambridge News (2016) information about Lithuanian emigrant: “Laura Gudaiskiene, 31 claims she’s become a victim of racial abuse following the Brexit vote by locals telling her to “go home”.” However, the majority of respondents do not feel any changes and any influence of “Brexit” while the study was conducted and still were awaiting for future decisions concerning emigrants by the UK government.

5 Conclusion

This chapter has sought to give an overview of Lithuanian migration after its Independence in the main host countries. More than 670,000 people left from Lithuania after it gained its Independence in 1990. The situation had to stabilize when new economic, political and social systems were established and stabilized in the country. However, looking at the example of Lithuania, we see that expected economic wealth and prosperity did not arrive (Kuzmickaitė 2003).

The conducted study revealed that economic factors are the main motives Lithuanians leave to explore host countries. Moreover, the importance of pull factor “low wages” in Lithuania grew during every analysed period. In addition, the results of the study showed growing importance of income inequality as well. However, results depicted growing importance of such factors as possibility of self-development, higher tolerance and higher possibilities for self-realisation. In addition, self-realisation was important for 60% of respondents who departed to the UK before Lithuania joined the EU in 2004. Moreover, comparison analysis of statistical data in analysed countries highlighted that the Gini coefficient and unemployment levels were the second highest in Lithuania after Spain. It explains why Lithuanians leave to those countries and why the popularity to move to Spain decreased in the last decade.

However, growth and inequality is a huge issue in the EU, and migration of this dimension is not a sustainable solution for the leaking side. Growing emigration rates brought different problems to Europe, such as increased terrorism, social

alliance and end of the EU equality. “Brexit” was just the first exit, which could be followed by France after terrorist attacks in Paris and Nice. Such political changes could have a huge influence on migration diasporas among all Europe. “Brexit” will have an impact not just on the EU relations with the UK but also on migrants living in the UK. As it is the main destination country for Lithuanians, “Brexit” is important for them as well as for Lithuania. Lithuanian emigrants are trying to get citizenship of the UK in order to feel safe in the UK. However, according to Lithuanian rules, when a Lithuanian gets citizenship of other country, he or she loses a citizenship of Lithuania. Therefore, this will influence a decrease of official Lithuanian citizens and they probably, being foreign citizens, will not have a big interest in returning to Lithuania even in the distant future. However, even though “Brexit” is announced, Lithuanians continue leaving to the UK. It means that Lithuanian diaspora there as well as social media and relatives have an important impact for people making a decision to migrate to the UK. However, this presumption needs deeper analysis and a new study evaluation of diaspora and social media influence on a decision to migrate is in the nearest plans.

The current situation is a very important issue for Lithuania. Not stopping emigration for 25 years and “Brexit” influenced dramatic demographic changes, which continue. We see the drop in Lithuania’s population, citizens aging, lack of qualified specialists and other problems. It arises as a necessity of important solutions of stabilisation of the demographic situation in Lithuania. Therefore, the conducted study of the main emigration host countries highlighted the main push and pull factors, which could be used for looking into the means for solutions.

Therefore, it became a prior field for a new government to look for the means of decreasing emigration and situation stabilisation. The results of this study have a practical impact in providing important material analysing and discussing emigration issues and looking for the means of stopping emigration and increasing the number of returnees. Concluding, results of the study will be useful for preparing a plan of a means on the state migration policy level but also on the corporate and labor policy levels for the purpose to “prevent” and “heel” emigration.

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Criminality, Smuggling, Counterfeit and Trafficking: A Review of Different Types of Criminal Activities in Diaspora Networks



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Abstract This chapter offers a narrative review of diaspora networks and their possible negative impacts on the economy and society. The negative impact on the society and the economy is less researched area in the previous diaspora research. This chapter reviews different disciplines that have discussed the diaspora networks and their criminal activities. Besides the criminal activities, this chapter discusses the other activities considered to have a negative impact on the society or the economy in the country of origin (COO), in the country of residence (COR) or internationally. This research advocates that new conceptual tools to understand the motivation and mechanism behind the illegal activities in the diaspora networks and activities causing negative impact on the society and economy is needed. This chapter presents two frameworks to understand the above-mentioned topics.

1 Introduction

Rapid increase in migration in the EU and globally, and the issues of terrorism among the diasporas are causing stress and distrust between the diaspora and the general population. This has created an urgent need for greater understanding of what the reasons are behind the illegal activities, what is causing the failing integration into the society in the country of residence (COR). Due to these above-mentioned reasons, this chapter's topic is both timely and important. Over the past decades, the different transnational effects of diaspora networks include also the possible negative impacts on the economy and society (see Elo and Juntunen 2015). These negative impacts include different types of criminal activities, e.g. human trafficking and counterfeit among diaspora networks, and also other activities that can harm the society in the country of origin (COO), in the country of residence (COR) or transnationally, if the effects occur in other countries. In some cases,

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e.g. human-trafficking, the diaspora networks offer a more in-depth view of the criminal activities (see e.g. Arhin 2016, pp. 78–98). Moreover, the individuals in the diaspora networks establish formal and informal networks, even religious networks (McCabe et al. 2005; Hinnels 1997; Brinkerhoff 2009; Dutia 2012). Such networks play a role in societies in general because they can be the link between the COR and the COO (cf. Brinkerhoff 2009; Clydesdale 2008).

“The word ‘diaspora’ derives from the Greek *diaspeirō* ‘to distribute’; it is a compound of *speirō* ‘to sow to scatter’ like seed, and *dia* ‘from one end to the other’” (Vertovec 2000, p. 2). The concept has “became associated with the Jewish historical experience, and hence was associated with being a dispersed people sharing a common religious and cultural heritage.” (Ibid) However, the usage of the term has extended to be used more broadly and, thus, “the word diaspora is used today to describe any community that has emigrated whose numbers make it visible in the host community” (Marienstras 1989, p. 125). According to Cesari (2013, p. 2) the diaspora conditions of the migrants can be defined by “three principal dimensions: the awareness of a religious identity, the existence of communal organizations, and the persistence of relationships (even imaginary ones) with the homeland” (cf. Verlovec 2009). This study agrees with the views of Marienstras (1989), Verlovec (2000, 2009), and Cesari (2013) and argues that there can be different forms of diasporas including also other religions than what traditional view has considered as a diaspora, e.g. the Jewish diaspora. Moreover, in this chapter, a diaspora network is understood as a migrant-formed network dispersed to at least two locations with an ongoing relationship with the COO and a degree of ethnonational consciousness (See, e.g. Van Hear 1998). This involvement with the COO can be the source of the organized or other illicit activities, or the diaspora network itself can be the cause of violence in the COO via funding the local “freedom fighters”, and thus, increasing or supporting the conflict there, or in some cases, even terrorism (see e.g. Collier et al. 2003). The diaspora networks can be considered as breeding ground or safe haven for terrorism (Bradbury 2003, pp. 8–9).

This chapter is based on the narrative review of the previous research and cases providing the readers a synthesized, up-to-date view of the specific theme which in this case is the illegal activities and negative effects of diasporas on the society and on the economy. The destructive economic implications are linked to monetary transactions based on crime, whereas the negative impact on the society can be, for example, linked to drugs, or specific activities, for example, like strikes that can have a harmful effect on the employers and to the society. The examples chosen in the narrative review are based on different types of illegal activities and negative effects on the society and the economy in order to present a broad view of what types of crimes can occur.

In a narrative review, the question setup can be broad (Cook et al. 1997, p. 378; Green et al. 2006, p. 103), and the selection of the presented research can potentially be biased (Cook et al. 1997, p. 378). In this research, the selection was based on the chosen theme aiming to find previous research and cases illustrating different types of cases of illegal activities, thus not presenting a systematic, comprehensive

literature review. The narrative review approach can be used “to provide insight into the dynamics underlying the findings of other studies” (Green et al. 2006, p. 102). The narrative review differs from the systematic literature review because the latter has a specific research question, comprehensive sources, and explicit research approach (Cook et al. 1997, p. 378). In addition, according to Cook et al. (1997, p. 378) “narrative reviews deal with a broad range of issues related to a given topic” like in this chapter “rather than addressing a specific topic in depth”, and thus, “the narrative reviews are seen most useful for obtaining a broad perspective” (Ibid) like in this research.

This chapter does not discuss about the positive impact of the diaspora networks to the society and to the economy, nor does it discuss the amount of crimes or criminal activities within the diaspora networks because the diaspora networks, the backgrounds of the members in these networks, and the situation in their COOs are different, and you cannot unify every single diaspora network under a specific label.

This chapter is organized as follows: First, it will present a narrative review of the different disciplines, and the methodological and analytical approaches used in previous researches when analyzing and discussing criminal activities in the diaspora networks. These criminal activities include domestic and transnational crimes. This chapter will give examples of the type of crimes that can occur in the diaspora networks and reasons for these illegal activities. Second, it will discuss the negative impact to the society which can also be non-criminal activities. Third, in addition to the actual criminal activities, this chapter will also review the so-called “spoilers” (Newman and Richmond 2006, pp. 102–110): the members of diaspora networks can be involved in spoiling behavior and causing conflicts and obstructing the general peace building efforts in their home country by funding local “freedom fighters” or even terrorism.

Furthermore, this chapter will also discuss the intentional and unintentional criminal activities. Finally, this article will summarize and conclude findings.

2 Narrative Review of the Different Disciplines

This section gives a narrative review based on the topic of this chapter of the previous research on different disciplines, and how they have approached the migrant-based criminal activities. This is not conclusive or all exhausting list. It aims to show and tell examples of the types of illegal or illicit activities presented in previous research and the methodologies used in different disciplines. The difference of the illegal and illicit activities in this chapter is that the illegal activities are considered to be activities against the law, whereas the illicit activities refer to more clandestine activities, i.e. the activity can be unethical and wrong but not always illegal in terms of law.

The cases chosen are based on the types of illegal or negative aspects on the economy or the society instead of an exhausted and systematic literature review. The systematic literature review of all different illegal activities in multiple, different

disciplines would not have served the purpose of this study, i.e. to present the broad theme of this chapter.

The different disciplines and approaches reviewed are: security and conflict studies (see e.g. Lischer 2011), the human rights and human trafficking approach (see, e.g. Turner and Kelly 2009), socioeconomic impact (Elo and Juntunen 2015), criminal justice approach (see e.g. Arsovska and Temple 2016), citizenship studies (e.g. Chauvin and Garcés-Mascreñas 2012), political incorporation of migrants approach (Bendixsen 2013; Bevelander and Spång 2014), feminist approach (e.g. Hughes 2000), and a labor market approach (e.g. Berket 2015). The victim-participatory approach (e.g. Calatayd et al. 2011) is not included because diaspora victims of the crimes are not in the scope of this review.

There are also other disciplines with diaspora network related research excluding the crime aspect (e.g. Cultural anthropology and diaspora networks, see, e.g. Paerregaard 2010, pp. 91–108). Business networks (e.g. Yeung 1997) considers diaspora networks as networks of skilled immigrants and how the diaspora networks can draw talents and knowhow from their country of origin to the host country, and thus, diaspora networks can also be innovation incubators. One example of the business model approach considers the diaspora network's role in assisting the transfer of valuable business models from their host country to the country of origin (e.g. Smart and Hsu 2004). Both business models and business networks approach can be used in the shadow economy and developing crime networks and crime-based business models. However, this review did not find case studies, including the business model and business network approach in diaspora crime context.

The methodologies used in the reviewed disciplines: in-depth analysis based on interviews and content analysis of court files was used in criminal justice, organized crime and transnational crime approach (e.g. Arsovska and Temple 2016). Statistics were reviewed in labor law approach (e.g. Berket 2015). Case study methodology has been used in specific crime network studies, e.g. in organized crime and criminal justice approaches (e.g. Nožina 2009; Lischer 2011) and also in transnational crimes (e.g. Hughes 2000; Gillespie and McBride 2013). Mixed methods were used in victim-participatory research (e.g. Calatayd et al. 2011).

Gender analysis approach was used in human rights and transnational crimes (Turner and Kelly 2009). Gender analysis is an investigative tool for understanding the differences between the different gender-based roles and power positions, their differing needs, restrictions and opportunities, and the impact of these differences (DM&E 2016).

Mechanism based approach was used in security and conflict studies (Lischer 2011, pp. 261–284). According to John Gerring (2007, p. 63), this approach describes “the pathway, process or intermediate variable by which a causal factor of theoretical interest is thought to affect an outcome”. This dynamic methodology allowed a thorough inspection of micro-foundations, processes and interactions between relevant factors and is therefore suitable for case studies because it recognized that similar outcomes can be derived from different processes (Ibid, p. 263).

As a summary, many researchers in different disciplines have studied illegal activities in diaspora networks, but usually from the point of view of one type of

illegal activity or from the point of view of one criminal organization. The methodologies used have varied depending on the discipline and the specific viewpoint of the previous research.

3 Reasons for Criminal Activities and Turning Against the COR-Society

This section will give some explanations based on the previous research why diaspora networks are linked with transnational, organized crime and other criminal activities.

The diaspora networks have ethnonational consciousness (See, e.g. Van Hear 1998), and the individuals follow and support politically and socially the events happening in their country of origin (see e.g. Khayati 2008, pp. 253–254 of long-distance nationalism) and some of these activities can be considered illegal, e.g. supporting or aiding terrorism.

The fundamentalism can also cause violence and criminal activities, even terrorism (see, e.g. Kyriakides and Torres 2015). In addition, also different rules and habits can be considered illegal in some CORs even if they are not that in COOs. For example, underage marriages and circumcision are illegal in the EU countries whereas they are acceptable in e.g. COOs of the Islamic religion.

Revenge and return to power in the country of origin can also lead the members of diaspora networks to perform criminal activities and violence (See e.g. Malkki 1995). In addition, according to Barnard and Pendcock (2013, p. 63) “members of diasporas are also known to have very complex and sometimes contradictory emotions and differing moods about the homeland.”

When migrant integration into the society in the new host country fails (Wiesbrock 2011) causing the members of the diaspora networks turn against the society and its laws (e.g. Mafias, terrorist attacks) (See, for example, Ozgul and Erdem 2014; Zhang and Chin 2008).

Discrimination in the workplace (Wiesbrock 2011, p. 61), failed integration to the labor market (Wiesbrock 2011, p. 62), the migrants’ dependency on social welfare (Ibid, pp. 61–62), and their unfavorable labor market performance (Wiesbrock 2011, p. 61) can also be reasons for feeling outcast in the society, and thus, start criminal activities. Even parents’ culture can cause stress and feeling disintegration among the second generation migrants (Scuzzarello 2008), and these background reasons can eventually lead to riots, violence and criminal activities as happened in Rosengård, in the city of Malmö in Sweden during the years 2007–2008 (Schierup and Ålund 2011; Zidan 2014).

Secessionist and even terrorist conflicts seem to happen when the diasporas become stateless due to reorganization of the international landscape e.g. Russia and Chechen diasporas, Albanians and Balkan area conflicts. The reasons for conflicts are the clash of values, losing their homes and state and nationality they

identify themselves with, and violations of human rights, feeling of injustice (See, e.g. Koinova 2011, pp. 333–356).

Moreover, opportunistic and risk-taking for personal gain can lead to criminal activities and using the diaspora network as a basis for these activities (see, e.g. Chinatowns and Chinese mafia, Zhang and Chin 2008, p. 191).

4 Criminal Activities

This section will give some examples of the type of crimes that can occur in the diaspora networks. Criminal activities can include the following: opportunistic self-gain criminal activities in domestic markets or even internationally, providing criminal activities as a service to someone (a service provider), acting as a middle man or as a mediator, or organizing crimes in a large scale e.g. human, drug or other cross-border illegal product trafficking for own monetary gain. The monetary profit exists in many of the migrant crimes, and sometimes it is indirect, e.g. the money does not change hands. Another type of illegal activity where the money is not directly involved is based on crimes committed due the fundamentalist beliefs or different rules of behavior in COO and in COR. Examples of these are traffic violations and rules when alcohol is allowed to be bought in some countries. For example, in Finland, the Syrian refugees did not know the times when alcohol is allowed to be sold in local kiosks in 2015.

4.1 Organized Crime

Organized crime among diaspora networks (von Lampe 2012, pp. 179–194) can be COO-based organized crime, pro-COO funding (e.g. Financing freedom fighters, separatists or terrorism), terrorist activities, or counterfeit, money laundering, smuggling drugs, guns, cigarettes, or human trafficking.

Transnational crime is a specific type of international crime involving more than one country in planning the crime, execution or impact (Albanese 2009, p. 1). According to Albanese 2009, p. 1 “Transnational crimes can be grouped into three broad categories involving provision of illicit goods (drug trafficking, trafficking in stolen property, weapons trafficking, and counterfeiting), illicit services (commercial sex and human trafficking), and infiltration of business and government (fraud, racketeering, money laundering, and corruption) affecting multiple countries. Transnational crimes are distinct from international crime, which involves crimes against humanity that may or may not involve multiple countries. Examples of international crimes are genocide and terrorism”.

In organized crime, the organizers are the ones receiving money from the illegal activities, whereas the illegal operations can involve different countries globally.

4.2 *Money Laundering*

“Transnational money laundering schemes often include proceeds from trafficking in women” (Hughes 2000, p. 9). Money laundering, e.g. legalizing the “dirty” money stemming from criminal activities, plays a major role in the finances of criminal organizations (Schloenhardt 1999, p. 227). Trafficking in women as a shadow economy does not bring financial prosperity to local diaspora communities and the money made in trafficking is through bank accounts owned by the criminal organizations (Savona 1998). According to Hughes (2000, p. 9): “In Israel, for instance, organized crime groups from the former Soviet Union, collectively referred to as “Russian” organized crime groups, have invested profits from trafficking in women”.

The case of the Asian diasporas and the facilitation of counterfeit smuggling to Mexico involves operations in different states and illustrates the ways in which transnational criminal enterprises challenge the society and its law enforcement because it involved more than one COR and more than one diaspora networks (See Gillespie and McBride 2013, pp. 66–83).

4.3 *COO-Based Organized Crime*

An example of an organized, transnational crime, see e.g. Arsovska and Temple (2016) are ethnic Albanian criminal organizations that have spread their influence and criminal activities from Balkan, Europe to the North-America. Europol (2011) and the FBI (Ashley 2003) have concluded that ethnic Albanian organized crime groups have been involved in a large scale of criminal activities from smaller crime-service providing activities to more advanced transnational organized crime.

Chinese organized crime syndicates operating from Bangkok have used Thailand’s financial institutions and businesses to launder profits from narcotics, the sale and transport of humans to prostitution rings, and trafficking in illegal migrants (Curtis et al. 2002, p. 50). “The most universal criminal activity of the Chinese groups, trafficking in human beings, takes advantage of an endless demand, relatively light legal penalties, and a worldwide network of transit points.” (Ibid, p. 51). Human trafficking magnifies the migrant communities that are the foundation of both human trafficking and other forms of illegal activities in host countries (Ibid, p. 51). Trafficking of labor exploitation is another form of human trafficking (Berket 2015, p. 359). In labor trafficking the diaspora networks in the host country can be involved, e.g. bringing relatives in the country and also the ethnic crime networks can be participating as organizers (Arsovska and Temple 2016; Berket 2015; Curtis et al. 2002). The labor trafficking can also be related to child labor and child trafficking.

Criminal ethnic networks that are engaged in drug smuggling are usually based on collaboration between members of organized and often ethnically homogenous networks that can have ties to the country of origin e.g. mafia-type of organizations (Ozgul and Erdem 2014, p. 82). For example, the Vietnamese crime networks in the

Czech Republic have established their organizational structure and *modus operandi* during the 1990s and 2000s. They are deeply integrated into the life of the Vietnamese diaspora network in the country, establishing well-organized power structure in the Czech Republic (Nožina 2009, p. 255).

According to Johnson and Soeters (2008, p. 168): “The contemporary Mafia is characterized by geographic spread not only throughout Italy, but its transnational linkages throughout Europe, North and South America as well as Asia”. The mafia has managed to infiltrate to legitimate business activities, and by the late 1970s and early 1980s, drug were one of its major sources of income (Johnson and Soeters 2008, p. 168). Money laundering via legitimate enterprises is also known to have occurred (Blok 2001; Jamieson 2000; Johnson and Soeters 2008; Spotts and Wieser 1986).

5 Illegal Activities Based on Religious Beliefs and Values

The illegal activities based on religious beliefs and values have been included in this chapter because “the word diaspora is used today to describe any community that has emigrated whose numbers make it visible in the host community” (Marienstras 1989, p. 125).

Fundamentalism has been linked to terrorist attacks after the 9/11 and also to migration and diasporas (e.g. Kyriakides and Torres 2015, pp. 283–285), who also concluded in their article that some of the reactions of the law enforcement, administration, and media are more based on emotions (fear, terror) than real threats (Ibid, pp. 291–292). However, recent terrorist incidents in Belgium and France in 2015–2016 have shown that the terrorist cells are established among the diaspora networks of the Islamic background and among petty criminals of migrant family backgrounds (see, e.g. Almasy et al. 2015; Steafel 2015; de Visser 2015). These recent incidents were not made by the first generation, but the second, which supports what Tweed (1997, p. 140) stated “that modern communication and travel technology brings dispersed peoples together more than ever, the usual assumption that attachment to the homeland will decline significantly after the first generation, and even more after the second, seems less self-evident” (Cf. Cesari 2013). The second generation in these cases have not been integrated into the COR society and have been a possible breeding ground for more fundamentalist beliefs and values pursuing the goals of the terrorist group and opposing the values and beliefs of the COR society. These cases support the recent research by Cesari (2013, p. 2) that a persistent connection with a COO (even imaginary one) is a dimension that need to be considered when analyzing criminal activities of the diasporas.

The terrorism cases do not involve monetary gain directly, but they do involve creating fear among the local residents and with ISIL’s expansion, they ISIL leaders expect to gain land and treasures via conquering more areas.

6 Entrepreneurial and Opportunistic Type of Criminal Activities

Entrepreneurial type activities can be mafia type: members are of the same ethnic background and doing illegal activities to gain more money and status in the organization. Other types of criminal activities can include self-employment for personal gain by selling or acquiring goods or information without paying taxes and working outside the society of the host country.

When considering Chinatowns of the world and the Chinese crime networks, most of these networks are founded on familial or ancestral connections, and they are not specifically made for criminal purposes. Instead the members of the diaspora networks use an existing network to occasionally become involved in criminal activities when an opportunity occurs. The people involved in transnational crime are not professional criminals, but legitimate business people who are also opportunists and risk-takers (Zhang and Chin 2008, p. 191).

7 Other Types of Intentional and Unintentional Illegal Activities

Some criminal activities in the COR can be due to ignorance of the laws and a clash of traditions in between COOs and CORs: what is allowed in the country of origin are not always the same in the receiving country. Such differences can be, for example, related to the religious habits, i.e. circumventing children, marrying underage girls, prearranged marriages and honor killings (See e.g. Hellgren and Hobson 2008). Underage and prearranged marriages usually involve financial or status gain.

In addition, in Finland, the minor traffic violations made by migrants are considered to be mostly caused by the ignorance of the traffic laws, whereas the more severe traffic violations like drunken driving in Finland, out of 17,753 cases, 2229 were made by migrants (Kotiniemi 2015, p. 36).

Furthermore, societal rules and habits in dressing and behavior can lead to criminal activities, for example, the Western societies are more accustomed of women at work and their more casual dressing and behavior in public places when compared to the Islamic societies. In 2015 in Finland, an example of an illegal activity regarding the clash of traditions involved the young migrant men lifting women's skirts and taking pictures under their skirts with their cell phones. The explanations they gave was that they were not used to the different traditions in Finland that the women can go alone and dress in short skirts. More serious crimes involved raping of underage girls by Afghan men in Finland (Rämö 2015). The Finnish Police and the Finnish Immigration Service changed their training presentation for migrants in 2015 so that it explained the women's role and activities in Finnish society including their dressing and behavior in public places. This included a presentation of what are considered to be sexual crimes in Finland (Pieti 2015). As

a summary, some illegal activities are based on ignorance, and some are due to clash of traditions, but these above mentioned intentional and unintentional illegal activities did not involve illegal financial transactions.

8 Diaspora Networks as Incubators of Criminal Activities and Violence

Liisa Malkki's study of Burundians in Tanzania (1995), highlighted the development of a national consciousness considering diasporas as a preparation for a potentially violent political return process. Those in exile daydream of regaining power and rectifying past injustices. They are also the ones most likely to engage in organized violence for political purposes after returning back to their country of origin. Even though this is just one study, it shows an example of a different type of motive, and that the diaspora networks can be incubators of violence and criminal activities. (cf. also Kyriakides and Torres 2015). However, there are also different motivations (see e.g. Barnard and Pendock 2013) that do not include violence, but economic support which can be considered either positive or negative for the COO-economy and the society (cf. Newman and Richmond 2006 of spoilers). According to quantitative study made by Barnard and Pendock (2013, p. 62), South Africa has over the past decades been characterized by "a very high rate of violent crime affecting the entire population. Very different moods may predominate in countries where incomes are low and violence widespread (e.g. many of the least developed countries), or where incomes are stagnating but violent crime limited (e.g. much of Southern Europe)." They (ibid) concluded that more studies are needed.

9 Negative Impact on the Society

In addition to the actual criminal activities, the individuals of the diaspora networks can act as "spoilers" (Newman and Richmond 2006, pp. 102–110): the members of diaspora networks can be involved in spoiling behavior and causing conflicts and obstructing the general peace building efforts in their home country by funding local "freedom fighters" or even terrorism. As this is a narrative review, the next sections include some examples of different countries to illustrate some cases.

Organized diaspora networks can play a significant role in the development and reconstructing their country of origin, like for instance, in Bosnia (Kent 2006), but they can also be disruptive and prolong the turbulence in their country of origin by supporting and funding the different parties in conflict situations. Moreover, the diaspora networks can send funds directly to support terrorist groups or train and send their children to fight in the terrorist or freedom fighter groups.

Correspondingly, Wayland (2004, pp. 405–426) discussed of Sri Lanka's Tamil separatists and their diaspora providing advanced communications and financial support.

Other types of illegal activities include infiltration and corruption made by migrant-formed criminal organizations, e.g. Albanians infiltrating customs and corrupted police officers in New York (Arsovska and Temple 2016).

A long-distance nationalism of the diaspora networks in the host country can support the country of origin with legal activities, but prolonging the instability of the country of origin. For example, in Sweden, Kurds have engaged in a variety of social, political and cultural activities to persevere the Kurdish identity and also enabled the Kurds to challenge the existing geographic, political and cultural constraints in Turkey, Iraq, Iran, and Syria (Khayati 2008, pp. 253–254). However, considering the uncertainty of the region where the Kurds originated, the efforts of persevering the Kurdish identity have inhibited the assimilation to the new host country and its society and kept the stateless Kurdish diasporas fight for home-region's political constraints alive (Khayati 2008, pp. 253–254); not to mention that their CORs's governments e.g. Turkey, Syria and Iraq, have not made their assimilation likely. The negative impact here is not to blame the Kurds and their fight for identity, but an example of the failed COR-governmental efforts to assimilate the Kurds regard their stateless diaspora and long-distance nationalism because any conflict within the society is negative and a sign of failed integration efforts.

Moreover, Sheffer (1994, pp. 62–63) stated: "One of the clearer consequences of the changing international landscape is that it has become easier for stateless ethnic nations, as well as ethnic minorities, to establish their own independent states. With the disintegration of the Soviet Union, ever smaller ethnic groups have been pursuing secessionist strategies and demanding independence." These above-mentioned reasons are also the foundation of the terrorism in those stateless diasporas in the current international landscape. In host countries, the stateless diasporas are considered to be a security threat. According to Sheffer (1994, p. 63) "the establishment of the independent republics of Armenia, Croatia, Estonia, Latvia, Lithuania, Slovenia and Ukraine, therefore, transformed their diasporas from being stateless to state-based." This research (Ibid, p. 63) also argued that these new state-based diasporas are focusing on helping their CORs and moderating their political behavior, including the Armenian diaspora, for example, that "has stopped engaging in terrorist activities" (Ibid, p. 63).

Moreover, the migrants have also been involved in strikes and filing lawsuits against their employers. In Italy, the migrant farm workers went on strike because they were paid under the minimum wage. The struggle eventually involved the whole migrant farmworkers' community, resulting in 2012 a law prohibiting gangmasters acting as middlemen in the hiring process and allowing the migrant workers to be hired directly (Oliveri 2013; Struggles in Italy 2012). In Sweden, Vietnamese berry-pickers were violent towards their employees and imprisoned them because of a dispute over wages (STT 2010). In Finland, some of the Thai berry-pickers went on strike and filed a lawsuit against their employer complaining of unsatisfactory working conditions and incorrect wages. They also involved in the

discussion the local embassy and the Thai-diaspora in Finland. The case was reviewed, and the court decided they were incorrect in their claims (Rönty 2014; Valtanen 2014). In summary, These cases included actions that can be considered harmful for the economy and for the employees because of the loss of income, and in one of the cases, involving violence and imprisonment, but to disrupt existing behavioral patterns, sometimes illegal and harmful actions seem to happen but they can result positive effects, like for example, reconsideration of the social rights, labor laws and wages.

10 Summary

This chapter reviewed different disciplines discussing the topic of criminal activities and negative impact of the diaspora networks to the society and the economy. The narrative review provided a possibility to address the broad and less studied perspective of the diaspora networks. The disciplines reviewed were: security and conflict studies (see e.g. Lischer 2011), the human rights approach (see e.g. Turner and Kelly 2009) of human rights and human trafficking), criminal justice approach (see e.g. Arsovska and Temple 2016), citizenship studies (e.g. Chauvin and Garcés-Mascareñas 2012), afeminist approach (e.g. Hughes 2000), and a labor market approach (e.g. Berket 2015). The illegal activities based on religious beliefs and values were included because in today's world the diaspora definition can be broad and include communities that have a visible presence in the COR community and has a similar religious or value background and ties (even imaginary ones) with the COO (cf. Marienstras 1989; Verlovec 2000, 2009; Cesari 2013).

The illegal activities have been linked with criminal organizations e.g. mafia and the awareness that there are ethnic crime organizations in the COR or in the COO that operate in either one of these countries or internationally (see Fig. 1). The individuals or the organizations engaged in the illegal or illicit activities benefit knowing the culture and resources of both their COO and COR making it easier for them to start up new activities.

The diaspora networks can be used as a ready-made, structured and organized network when organizing criminal activities. The migrants' integration into the new society is seen important in the previous studies to prevent the crimes made by migrants. The study implies that the illegal activities can occur (1) in COO, (2) in COR, or (3) internationally when the illegal activities occur or have an impact on outside the COO and the COR. In addition, this study states that the illegal activities in financial transactions can include both senders and receivers of the monetary funds. Figure 1 summarizes the examples in the previous sections: the left side presents the illegal or negative impact in the economy and in the society in the COO and the right side presents the examples in the COR. Some examples are not directly due to migrant actions but rather failure in integration in the COR causing upheaval, violence, and protests in the COR society.

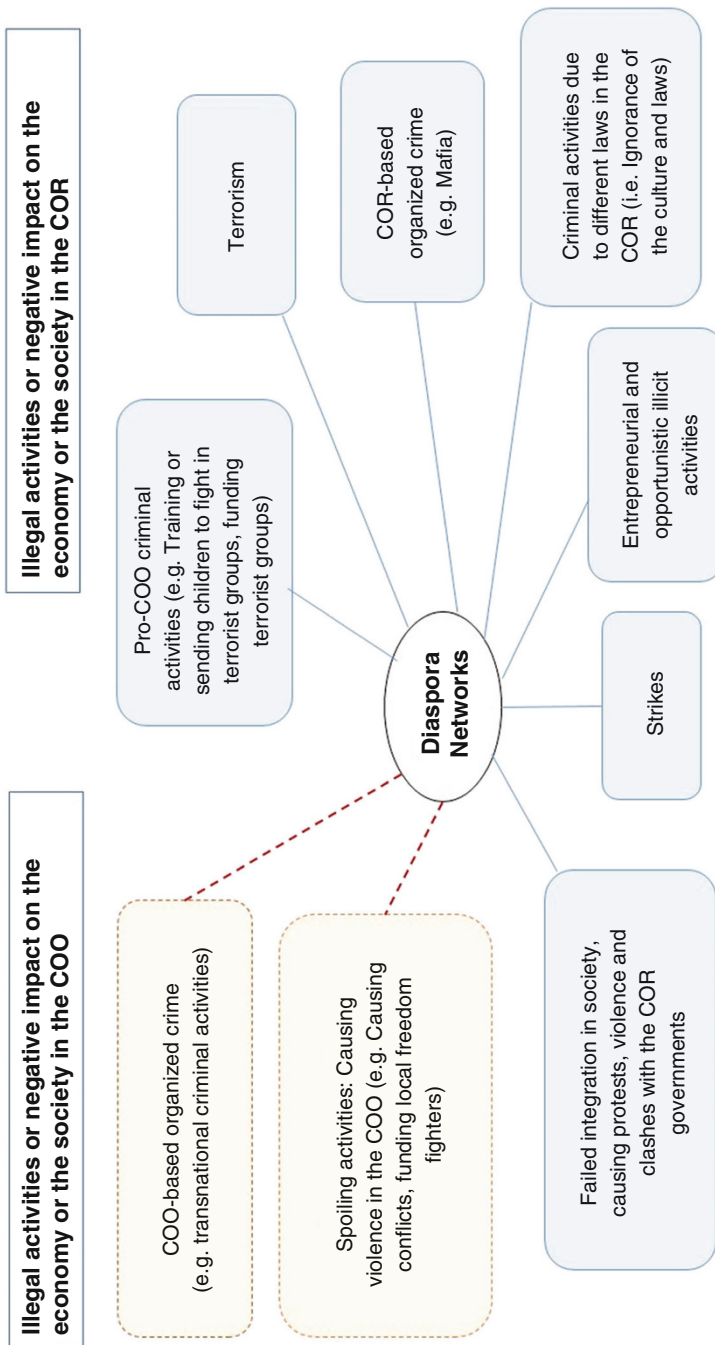


Fig. 1 Summary of the criminal activities and the negative impact on the economy and the society in the COO and in the COR

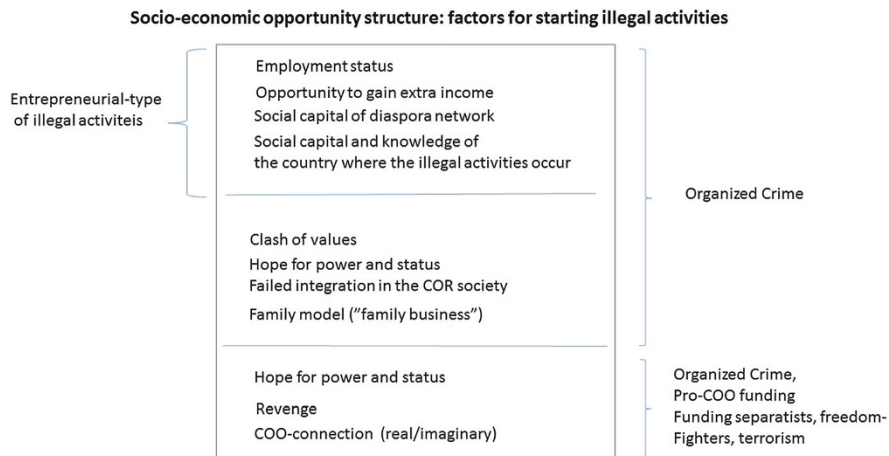


Fig. 2 Framework for socio-economic opportunity structure for the illegal activities of the diaspora networks

The determinants to enter the world of crime and start illegal activities are due to expectation of financial gain, acquiring political or otherwise powerful status in the COR or in the COO. Moreover, as the previous sections illustrate, sometimes the cause of illegal activities are due to failed integration to society, unemployment or failed COR-government actions. The fundamentalism is a different type of reason for illegal activities that cannot be explained by the previous mentioned factors but instead based on religious conviction and values different than what the COR-majority has. In addition, opportunity and social capital in gaining opportunities play a vital role e.g. in entrepreneurial type of criminal activities (cf. Elo and Volovelsky 2016, p. 20).

Figure 2 presents a framework for opportunity structure for the illegal activities. The start of the entrepreneurial-type activities requires factors like: opportunity to gain extra income, employment status (unemployed or low income), knowledge and social capital of the COO/COR. The opportunity structure for the organized crime adds on a few additional factors depending on the type of illegal activities. For example, the mafia-type of crime is more of a “family business” and the model of doing mafia-type of crimes within the diaspora network is seen as a path to success and financial gain. Sometimes, clash of values and failed integration in the COR-society and a COO-connection are additional factors leading to organized crime, like for example, terrorism. The hope for power and revenge in COO when returning there, can also lead to illegal activities.

Figure 3 presents the factors leading to negative impact on the society and the economy: The direct migrants’ activities include: disagreement in working conditions, clash of values, and activities to challenge the existing geographic, political and cultural constraints in COO by protesting and demonstrating in the COR. Second, the indirect factors causing negative impact in the society and community include:

Factors causing negative impact on the society (direct activities)

Disagreements in working conditions
 Clash of values
 Activities to challenge the existing geographic, political and cultural constraints in COO

Factors causing negative impact on the society (indirect activities)

Organized crime –based illegal financial transactions harming the economy
 Smuggling e.g. Drugs and firearms causing disruption in the society

Factors causing negative impact on the society (COR government, Employers)

Neglect in addressing the changes in laws and regulations and behavior/values of the employers (e.g. Discrimination, “invisible barriers in the society”)
 Failed integration of the migrants in the COR society

Fig. 3 Framework for negative impact on the society and the economy

organized crime-based illegal financial transactions harming the economy, smuggling (e.g. drugs, firearms, goods) causing disruption in the society. Third, the COR-government can influence on the integration of the migrants and their well-being in the society by assuring equal treatment (e.g. salaries) and making necessary changes in the laws and rules so that the migrant integration to the society does not fail. In addition, the behavior and values of the employers cannot discriminate the migrant workers, otherwise, there can be negative effects on the community involving strikes, violence, and lawsuits like some of the cases in the previous sections demonstrated.

11 Conclusions

This chapter concludes that the policymakers’ pathway to tackle the illegal and negative impact on the economy and the society involves different stages of progression: First, the decision makers need to assure the migrants’ integration to the COR-society in order to minimize the factors causing the migrants to turn to crimes. Second, the employers need to understand the benefits of a diversified workforce and the different backgrounds, behaviors and values that migrants can have. It seems that more factors need to be in place before the mechanisms to start-up illegal activities occur. However, it also seems that the close diaspora community can provide both positive and negative role models either in following the rules of the COR-society or being more opportunistic and finding new possibilities to gain money and power in the world of crimes.

As previous studies (e.g. Arsovska and Temple 2016; Hughes 2000; Europol 2011; Schloenhardt 1999) conclude the diaspora networks can be used as a basis for organized crime, but it does not mean that the members of these networks are more prone to crimes. However, more comprehensive studies are needed.

While this narrative review was limited and requires more systematic studies, it still provided some further research avenues. A systematic review and a longitudinal study is needed in the diaspora networks to find out more of the different mechanisms why, where, and how the migrants turn into the path of crimes. Moreover, many previous studies concluded that more cross-border studies are needed, especially regarding the transnational crimes and crime organizations. In addition, the interdisciplinary nature of diaspora network—research requires more attention from the different perspectives: from the decision-makers' point of view, the point of view of the members of the diaspora networks, and from the point of view of the criminals in the diasporas to understand the motivations and mechanisms which can vary in different diasporas. This study presents also a pathway to decision makers to avoid illegal and negative-impact activities by assisting the integration to the society, and not to allow the migrant workers to be held back by old-fashioned immigrant policies or discrimination. The influence of the socio-economic “opportunity structure” (see Fig. 2) will continue to affect the migrants' decision to enter to the world of crimes.

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Part III
Diaspora and Socio-Cultural Influences
on Business

Shaking the Minority Box: Conceptualizing the Impact of Context and Social Capital on the Entrepreneurial Activity of Minorities



Leo-Paul Dana, Markku Virtanen, and Wilhelm Barner-Rasmussen

Abstract This chapter advances the theoretical understanding of the links between social capital, minority entrepreneurship, and entrepreneurial context. The main research question is what kind of impact social capital may have on the entrepreneurial activity of an established minority, especially in relation to the identification and development of entrepreneurial opportunities. The Swedish-speaking population of Finland is used as an example to illustrate the analysis. Our analysis suggests that social capital possessed by a minority or diaspora can combine with its embeddedness in regional contexts on one hand, and international contexts on the other, to create preconditions for entrepreneurship that are at least equal to those enjoyed by the majority population, despite potential pitfalls such as the risk of overembeddedness. This potential is especially good when minority members can take on positions as boundary spanners between contexts. The notion that well-integrated, prosperous minorities are an economic asset of regions and nations in terms of the international business linkages they can enable could be highlighted in public discussions on immigration alongside other arguments on immigration, cultural diversity, integration, and public investments into business development. Researchers with an interest in migration and diaspora research should collaborate with economists and

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accountants to develop appropriate metrics for estimating the generated potential economic value.

1 Introduction

The objective of this chapter is to advance the theoretical understanding of the links between social capital, minority entrepreneurship, and entrepreneurial context (Dana 1996; Welter 2011). Our specific interest is in the relationship between social capital and the entrepreneurial activity of minority groups that are well established in their particular societal context and have a relatively long history or background in that context. The study thus poses a counterpoint to the extensive research on entrepreneurship among social groups that may to some extent be described as disadvantaged, such as recent immigrants (see e.g., Minto-Coy *forthcoming*, *IJESB*). Our main research question is: What kind of impact may social capital have on the entrepreneurial activity of an established minority?¹ We take a special interest in this issue in relation to the identification and development of entrepreneurial opportunities. To illustrate this important theoretical issue and simultaneously problematize the methodological challenges that our research question bring to the fore, we use the example of the Swedish-speaking population of Finland.

Why is this issue important? In short, we argue, because of a significant bias in existing research. Entrepreneurship among immigrant groups and in diaspora networks has attracted research interest across a large number of fields including business (Morris and Schindehutte 2005), criminology (Gottschalk 2011), economics (Fairlie 1999), gender studies (Pütz et al. 2007), labour markets (Nee and Nee 1986), and sociology (Light 1972). This research has drawn upon a range of methods from anthropological to census-based, and theories from middleman-minority theory (Bonacich 1973) to enclave theory (Aldrich et al. 1989; Nee and Nee 1986), and theories of migration (Muller 1993). The Dana and Morris (2010) framework explains entrepreneurship among minorities who have immigrated. The common thread of all these above-mentioned is a focus on entrepreneurship in immigrant groups.

These and other previous studies have provided useful insight into the characteristics and features of new entrepreneurial groups that have migrated into Europe over the last 50 years, and that are often socially and financially disadvantaged (Dana 2007; Jones et al. 2014; see also Minto-Coy *forthcoming*, for an analysis outside the European context). However, most of these studies have focused on recent immigrants, thereby ignoring minority groups and diaspora networks with long-standing

¹By an established minority, we mean a minority whose members—although their position in society may be precarious or exposed in many ways—cannot be described as “recent immigrants”. Established minorities have deep roots in their “host” context and a lengthy record of involvement in different aspects of that context, e.g. politics, business and civic society.

and stable status in society. Some scholars have taken an interest in indigenous minorities (Dana 1995; Dana and Anderson 2007) and religious groups (Weber 1904–1905; Sombart 1911; Dana 2010) who are minorities, but not recent immigrants, thus partially highlighting the time dimension. Overall, however, we have a limited understanding of entrepreneurship in ethnic communities and diaspora networks that may in many cases go back hundreds of years (Volery 2007), and we lack studies that analyse the entrepreneurial activities of ‘old ethnic minorities’ (Raento and Husso 2002) and compare them with majority populations. Furthermore, contemporary research has often focused on underprivileged ethnic entrepreneurial groups, ignoring financially more prosperous communities.

Hence, there is a clear knowledge gap that requires further research, and this is where this study aims to contribute. The societal relevance of our research is obvious in that the current socio-political climate in Europe is increasingly unfavourable to minority groups, yet at the same time, demographic changes (e.g., Lingreen and Hingley 2010) and economic challenges are motivating many Western societies to take actions intended to promote and motivate entrepreneurship. In this context of rising tensions with regard to the entrepreneurial actions of minorities and diaspora networks—especially successful ones—it is important to understand the entrepreneurial activities of ethnic and other minority groups and networks as well as possible. We need to know how these activities contribute to developing the markets and business communities of the economies and societies in which they are embedded, and how entrepreneurial activities of minorities and diasporic groups can be explained, supported and promoted. This is in addition to the general calls to go beyond the extensively researched individual characteristics of ethnic entrepreneurs, and combine various theoretical perspectives to explore the multiple contexts of ethnic minority entrepreneurship (Ibrahim and Galt 2011; Kraybill 2010).

Within the scope of our general research question, this chapter has the following specific aims. First, we aim to review and assess the existing theories and knowledge base with respect to ethnic entrepreneurship and its connection with entrepreneurial activity and economic development in a cross-cultural context, and provide a critical review of the existing ethnic entrepreneurship literature. Second, we aim to develop a framework and propositions that seek to capture the link between social capital and different entrepreneurial contexts (Welter 2011) within which ethnic entrepreneurship and economic development could be analysed. Third, we strive to create a foundation for future empirical analysis by discussing and indicatively answering the main methodological challenges that our research question bring to the fore.

As stated above, we use entrepreneurship in the Swedish-speaking population of Finland, or Finland-Swedes, as an example to illustrate our arguments. This minority,² which currently comprises 5.3% of the total population (Statistics Finland 2017), is held to be entrepreneurially more active and also better endowed with social and economic capital than the main population. Although not an ethnic minority or

²We use this term only in a statistical sense, not a legal sense. From a legal perspective, Finland is a bilingual country and Swedish is one of the two national languages, not a minority language.

diaspora in the strictest sense, it provides an interesting example of an established minority that differs from the main population on several dimensions pertinent to our research endeavour. Furthermore, this minority is embedded in an institutional context that allows us to exclude a number of potentially confounding factors. Finland is an institutionally stable, transparent Nordic welfare society characterized by strong rule of law, low corruption, a small grey economy (Virtanen 2016), and an education system that is free of cost for EU/EEA nationals up to the university level. Economic freedom and individual rights are constitutionally guaranteed. This institutional environment mitigates factors that might otherwise discourage minority entrepreneurs, and decreases the likelihood that minority individuals will turn to entrepreneurship by necessity. Finally, reliable income data and statistics on entrepreneurship and language³ are available from public sources.

The rest of the paper unfolds as follows. First, we will review the extant literature on ethnic entrepreneurship and different approaches to studying the phenomenon. Then we will offer a brief historical overview of Finland-Swedes and their characteristics in terms of entrepreneurial action, followed by the development of a conceptual framework on entrepreneurship among established minorities. We subsequently discuss methodological aspects of analysing entrepreneurial activity amongst minorities and diaspora networks. The paper closes with conclusions and suggestions for future research.

2 Literature Review

2.1 *Entrepreneurship and Social Capital Across Contexts and Levels of Analysis*

We start our literature review with a discussion of the theoretical base of previous research. In terms of research units and levels of analysis, many studies of ethnic entrepreneurship have focused on individual-level economic behaviour of minorities in contexts where push factors (unemployment, racial discrimination etc.) can be seen as the major drivers of self-employment and entrepreneurship. This observation provides a key impetus for the present study and we will return to it in greater detail below.

Many previous studies of ethnic minority businesses are exploratory in nature and their analysis is not based on a consistent theoretical framework. However, many such studies do take an explicit starting point in network theory. The interest in this particular framework is understandable given that one of Granovetter's (1973) seminal ideas is the conceptualization of strong ties as characterised by a combination of time, emotional intensity, intimacy, and reciprocity. These are typical

³Public statistics on language suffer from some definition challenges that we will return to later on in the paper.

characteristics of the relations with family and friends. The parallel concept of weak ties, on the other hand, has highlighted the role of informal networks and embeddedness (Granovetter 1985) outside the immediate social circle of close family and friends. In the words of Granovetter (1985: 490), *'The embeddedness argument stresses. . . the role of concrete personal relations and structures (or "networks") of such relations in generating trust and discouraging malfeasance.'*

An important aspect of Granovetter's (1973) perspective on networks is that weak ties may be as important as strong ties in leveraging the resources that can be accessed through the network. Co-ethnic networks have been found to provide access to five important resources: co-ethnic customers, employees and suppliers; finance and information; and emotional support (Dini 2009). They have also been shown to inform locational decisions for migrant businesses and act as marketers of diasporan businesses (Minto-Coy 2016).

Trust is another factor that is emphasised in many studies of (ethnic and diaspora) entrepreneurship, also based on the seminal work of Granovetter (1973, 1985). Trust is argued to be a critical part of successful relationships (e.g., Deakins et al. 2007; Katila and Wahlbeck 2012; Welter 2011, 2012), and is held to be fundamental to both strong and weak ties.

In combination, an interest in these factors has gradually guided research in the field toward a focus on social capital in an increasingly broad sense. This has generated a growing number of studies referring to social networks, embeddedness, and social capital in the context of ethnic entrepreneurship (e.g., Deakins et al. 2007; Jones and Ram 2010; Katila and Wahlbeck 2012; Kloosterman 2010; Kloosterman et al. 1999). We concur with this development, and accordingly draw upon social capital as the theoretical framework that will guide our subsequent discussion.

Social capital can be defined according to Nahapiet and Ghoshal (1998) as the sum of actual and potential resources embedded within, available through and derived from one's network of relationships. One of the advantages that social capital confers upon actors is that it enables them to acquire resources and knowledge (Nahapiet and Ghoshal 1998; Tsai and Ghoshal 1998). As such, and again following Nahapiet and Ghoshal (1998), we argue that social capital conceptually enfolds or incorporates the notion of social networks, including both strong and weak ties, trust, and embeddedness.

According to Nahapiet and Ghoshal (1998), social capital is a multidimensional concept that consists of three overlapping but analytically distinct dimensions: structural, relational and cognitive. The *structural* dimension includes the fundamental proposition of social capital, which states that network ties provide access to resources and information (Liao and Welsch 2005). In addition to network ties, the structural dimension includes network configuration and appropriable organization (Nahapiet and Ghoshal 1998). The *relational* dimension of social capital refers to assets based in the concept of relationships, such as trust, trustfulness, norms, obligations, and identification (Nahapiet and Ghoshal 1998). The *cognitive* dimension pertains to the shared representations, interpretations and systems of meaning among parties. In other words, this dimension refers to shared norms, including

codes and languages, as well as shared narratives that assist a common understanding of mutually accepted goals and rules of acting in a social system (Nahapiet and Ghoshal 1998).

Despite the many positive aspects of social capital, it has been recognized since the concept was first introduced that it also has potentially significant drawbacks or downsides. Bourdieu (1977), the founder of the 'European school' on social capital, focused his research on the exclusionary effects of social capital—that is, its negative effects on those who do not have access to it. Meanwhile, Powell and Smith-Doerr (1994: 393) neatly summarized the potential risks of social capital for those who *do* possess it in the famous quote, 'The ties that bind may also turn into ties that blind'. In other words, although high levels of social capital are beneficial in a number of ways, they may also have significant drawbacks in the form of narrow-mindedness, parochialism, and inertia (Adler and Kwon 2002). This needs to be kept in mind throughout the discussion below.

2.2 *Empirical Studies on Ethnic Entrepreneurship*

The nature of social capital as a dual-edged sword has been recognised also in literature engaging with minority, ethnic and/or immigrant entrepreneurship, and entrepreneurship in diaspora networks. Portes and Sensenbrenner (1993) were early in discussing the negative effects of social capital in the context of immigration. Subsequent research has shown that in host country contexts, high levels of social capital within ethnic communities may act as a barrier to innovation and renewal (Waldinger 1995), and may hamper entrepreneurial activities in tight-knit communities (Portes 1998).

Deakins et al. (2007) studied the role of social capital of ethnic minority businesses in Scotland and concluded that, even if in many cases this role was important and had a positive impact, it also emerged as a very complex phenomenon. They found social capital to be a limiting factor for example for young, well-educated second- and third-generation owners who have different kinds of networks and are more integrated in their host society than first-generation immigrants. Deakins et al. (2007) concluded that the nature of successful networks depends on the level of trust, which will depend itself on the nature of the business environment (*e.g.*, rural *vs.* urban), on culture and on regulations. Welter (2011) refers also to the dark side of socio-spatial context when she notes that spatial proximity may contribute also to over-embeddedness.

Katila and Wahlbeck (2012) studied the role of social capital in the case of Chinese and Turkish restaurants in Finland, drawing upon bonding and bridging social capital as key concepts in their analysis. Drawing upon 'bonding' social capital means using resources received from the social networks within certain social groups. 'Bridging' social capital refers to networks between different social groups and use of resources received from diverse social connections. There is a close parallel to Granovetter's (1973) concept of strong and weak ties, as well as

similarities to the work of Brinkerhoff (2009) on accessing entrepreneurial resources through digital networks. The conclusion of Katila and Wahlbeck (2012) is that ethnic entrepreneurs must use any available social capital in order to survive. Referring to the above discussion of dark side of social capital (Deakins et al. 2007; Portes and Sensenbrenner 1993; Welter 2011) the conflict is obvious, since drawing on some of that social capital may be harmful for the business. Still, Katila and Wahlbeck (2012) conclude that successful ethnic entrepreneurs rely on an ability to combine resources from their co-ethnic ties as well as from other local and transnational ties. Similarly, Minto-Coy (forthcoming) emphasizes that it is important for ethnic entrepreneurs to know when and how to draw upon strong and weak ties, respectively, as opposed to being fixed on an either or approach. Jones and Ram (2010) analysed UK labour market dynamics and concluded that ethnic ties help to develop employer-worker relations; these do not operate independently of universal resources, as informal networks and relationships should also be considered.

Katila and Wahlbeck (2012) point out that ethnic businesses do not operate in the vacuum of independence but are connected to their universal context. Thus they suggest that the benefits of social capital for self-employment and entrepreneurship are largely dependent on the mixed embeddedness perspective, which also accounts for the involved actors' embeddedness in broader contexts including social, economic and political circumstances. In the same vein, Jones and Ram (2010) conclude that ethnic minority businesses are dependent on their own community networks but also on external structural contexts. These findings indicate that mixed embeddedness could be a relevant approach to understand key dynamics of ethnic entrepreneurship.

Earlier, Kloosterman et al. (1999), in their study of immigrant entrepreneurs and their prospects of upward social mobility in the Netherlands, also concluded in favour of the relevance of mixed embeddedness. They argue that in ethnic studies, the notion of embeddedness is mainly used to refer to the social characteristics of groups consisting of co-ethnics. However, this approach neglects immigrants' embeddedness in wider social, economic, institutional and spatio-temporal contexts. Businesses are also embedded in context-specific sets of norms, rules and regulations, associations, neighbourhoods and business traditions. In addition, macro-level embeddedness should also be taken into account. At this level, the opportunity structure for businesses in general is largely determined by institutional context (Kloosterman et al. 1999). In other words, to capture all relevant dimensions of embeddedness of immigrant entrepreneurial activities, there is a need for concepts such as mixed embeddedness.

In order to illustrate mixed embeddedness, Kloosterman (2010) develops a typology of the opportunity structure where a market is split according to accessibility and growth potential. This model may fit well in the context where entrepreneurs come from disadvantaged groups, but the approach is static and does not take into account the possibility that a market may be internally diverse, stratified or otherwise heterogeneous. It also to some extent overlooks the potential of immigrant or diaspora entrepreneurial ventures to transcend the boundaries of their local enclaves and develop into full-fledged international entrepreneurship ventures (see e.g. Mainela et al. 2014).

As a complement to approaching ethnic minority business from the perspective of the nature of the relationship, we could also concentrate of the unit of analysis. For example, Dana (1997) differentiates in his literature review four different foci for analysing ethnic minority entrepreneurship: (1) focus on self, (2) focus on the ethno-cultural milieu, (3) focus on the host society, and (4) focus on interaction of the ethno-cultural milieu and the host society.

The focus on self emphasises entrepreneurs' personal characteristics and behaviour. Even if personal traits and characteristics are no longer at the core of entrepreneurship research, these variables are included in many studies as variables explaining ethnic entrepreneurship. For example, in the mixed embeddedness approach (Kloosterman 2010) the micro-level of the individual entrepreneur will be analysed. Other such characteristics that are needed to "breakout" (Smallbone et al. 2010) probably include variables such as age, education, generation etc. which are included in personal traits.

The second focus, on the ethno-cultural milieu, depends on the values and beliefs of the specific ethnic group. As Dana (1997) points out through examples, there seems to be differences in how different ethnic groups see entrepreneurship (as positive and desirable or not). He also considers whether some ethnic groups have a stronger internal locus of control than others. On the other hand, locus of control belongs to the personal characteristics of an entrepreneur, so it could be asked how this focus differs from the focus on self. However, and interestingly from the perspective of our empirical example, recent research within economics provides some evidence of language-based variation in group-level behaviours, including behaviours commonly associated with locus of control. Chen (2013) found that the likelihood of individuals displaying future-oriented behaviour increased with the extent to which their native language made a grammatical association between the present and the future. In combination with other research on the links between culture, values and economic action (e.g., Hofstede 2001), this provides support for group-level variation separately from individual-level characteristics.

The third item, where the focus is on the host society, depends on the structure and development stage of the host society. As Dana (1997) summarizes, this approach limits entrepreneurial behaviour to a consequence of the (often marginal) position of an ethnic group in the host society. When the focus is on the interaction of the ethno-cultural milieu and the host society, ethnic enclave and middleman minority position theories could be applied. In conclusion, Dana (1997) emphasizes that the heterogeneity of ethnic groups should be taken into account, as individuals from different ethnic communities become self-employed for different reasons. This is highly relevant from the viewpoint of our study, as entrepreneurship dynamics may look very different in well-established minorities compared to more precariously positioned groups.

Also important from the perspective of the current paper, the work of Dana and Light (2011) has highlighted the importance of capturing the contextual variety of minority entrepreneurship by exploring the different characteristics of self-employment amongst Sámi people in Finland. For instance, Dana and Light (2011) show that Sámi herding is mainly driven by the maintenance of a cultural tradition and not necessarily limited to the maximization of financial profits, emphasising the role of informal contexts for entrepreneurship. Further underlining this point, two

categories of self-employed reindeer herders could be differentiated: Sámi and (non-Sámi) ethnic Finns (Dana and Light 2011).

Smallbone et al. (2010) suggest several ways in which ethnic diversity can be linked to the competitiveness of cities, and provide partial empirical evidence for three such aspects—ethnic diversity as a source for creativity and innovation; the role of diaspora-based networks; and linguistic diversity. Smallbone et al. (2010) point out that even if diversity would be a source of potential competitiveness, resources are needed to exploit it, and in some ethnic minority communities this demands a strong supplementary role of public policy.

In sum, there is strong evidence that the effects of the different dimensions of social capital on ethnic entrepreneurship vary depending on the spatio-temporal and social context where entrepreneurship takes place, its entrepreneurial culture and the secondary effects thereof, which will differ across countries. This notion provides a crucial starting point for our study as we proceed to combine a range of entrepreneurship opportunities and their development with different dimensions of social capital, focusing on the special case of well-established minorities. Before that, however, we provide a brief description of the specific subgroup we use to illustrate our discussion.

3 Example of an Established Minority: Swedish-Speaking Finns

Finland formed part of the kingdom of Sweden for several centuries before becoming an autonomous Russian grand duchy in 1809 and then a sovereign country in 1917. Even during the period of Russian rule, Swedish remained the administrative language of Finland until the late nineteenth century, after which it continued to be the ‘principal’ language of the ‘upper class’ for several decades (Hyypä and Mäki 2001). After Finland’s declaration of independence in 1917, the proportion of Swedish-speakers has gradually declined from circa 14% at the beginning of the twentieth century to 5.2% today. However, the rights of Swedish-speakers have been constitutionally enshrined in that Finland is a bilingual country, with Finnish and Swedish as official languages of formally equal status. Apart from that, the vitality and significance of the Swedish-speaking minority in Finnish society has largely rested on its own political, cultural and economic activity in combination with key publicly funded institutions such as a Swedish-language educational system stretching from kindergarten to university (Raento and Husso 2002).

As pointed out in the introduction, Finland-Swedes are not an ethnic minority or diaspora in the strictest sense. They identify their nationality as Finnish and not Swedish, have for the most part been living in Finland for centuries, and conform to the majority population in terms of religion and physical appearance. Many are bilingual or at least fluent in Finnish. Marriages across the language boundary are common, both public and private life are characterized by extensive code-switching,

and there is a long tradition of voluntary switching of languages (e.g. in the late 1800s and early 1900s when many Swedish-speaking families changed their name and language to Finnish ones to support Finnish national independence efforts). Swedish is a mandatory (although intensely debated) language in Finnish-language schools, and access to the Swedish-language educational system and other language-based institutions is based on language skills, not ethnicity or family roots.

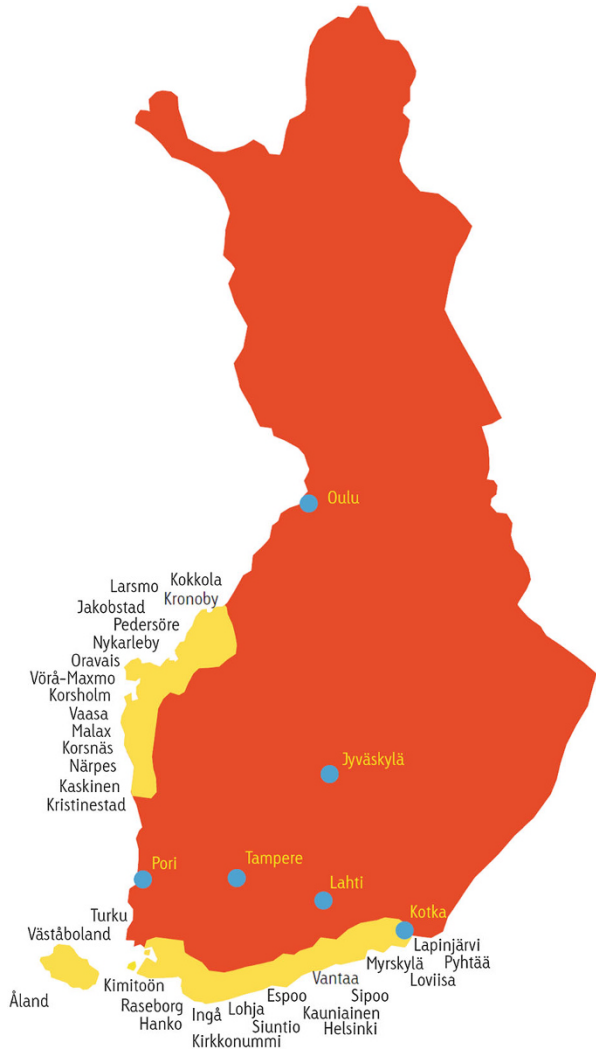
With these caveats, it can be argued that Swedish-speaking population of Finland provides an interesting example of an established indigenous minority (in a statistical sense) that differs from the main population on several dimensions pertinent to our research endeavour, forming a distinct group with their own institutional norms and structures. It currently comprises some 289,500 individuals, approximately 5.2% of the total population (Statistics Finland 2017). This makes it the largest language-based minority in Finland, since the total share of all the other language minorities was about 6% in 2017 and this includes about 150 different language groups.

Figure 1 shows the geographical distribution of the Swedish-speaking population. Most live in the coastal areas of Southern Finland and the West coast of Finland (Ostrobothnia), which are the most densely populated and economically dynamic regions of the country. Relatively, the largest group is found in Ostrobothnia where 49.6% of the population or some 89,900 individuals are Swedish-speaking (Statistics Finland 2017). However, in absolute numbers the largest group is found in Uusimaa where Swedish-speakers number about 132,200, or 8.1% of the total population. About 8.8% of Finland-Swedes live in Åland, an autonomous group of islands located halfway between Finland and Sweden, where the official language is Swedish. Due to this special status, we exclude Åland from the subsequent discussion and focus on the situation in mainland Finland.

Compared to the majority population, Finland-Swedes have been argued to enjoy higher levels of social capital, and they are to some extent distinct in terms of culture and identity (Heikkilä and Rahkonen 2011; Surakka et al. 2009) although not visibly different from the Finnish-speaking population. Also, they are on average more entrepreneurially active, although much of the difference in this regard can be explained by area of residence, regional background, and family background (Saarela 2003). Recent official statistics indicate that at a general level, the entrepreneurial activity of Swedish-speakers still exceeds that of both Finnish-speakers and other language groups in Finland. According to the most recent figures available at the time of writing, 5.2% of Swedish-speakers were entrepreneurs. The corresponding figures for the Finnish-speaking population and speakers of other languages were 4.2% and 3.8% (Statistics Finland 2017).

These are rough figures where wealth, region and other possibly relevant factors have not been controlled for, and other approaches yield different figures. The Federation of Finnish Enterprises has only about 2750 member firms that have indicated Swedish as their main language, excluding 240 member firms in Åland (www.yrittajat.fi, 2017). Extrapolating this number to the whole population of entrepreneurial businesses in Finland (283,000) suggests that Swedish is the main language in some 7400 companies. Relative to the total Swedish-speaking population, this number would suggest that only about 2.6% are entrepreneurs. However, a

Fig. 1 Main locations of Swedish-speaking population in Finland (yellow-coloured areas) (Folktinget 2010: 29)



key challenge in identifying ventures started by Finland-Swedes is differentiating them from those started by the Finnish-speaking population. Due to widespread bilingualism, Finland-Swedes may also establish businesses where the main language is Finnish. We will discuss such empirical problems in closer detail below.

Less recent secondary statistics (Ilmanen and Keloharju 1999) also indicate certain differences compared to the main population. For instance, 14.0% of Finland-Swedes owned some shares in the early phase of their venture creation, compared to 9.1% of the Finnish main population. The average value of equity

investments of Finland-Swedish was 30,900 FIM⁴ per capita and of the Finnish-speaking majority about 6400 FIM (ibid.). On average, Swedish-speakers also tend to be somewhat wealthier than the majority population (Saarela 2004). Thus, at the level of individual characteristics, Finland-Swedes may indeed have better prerequisites for entrepreneurship than the majority population of Finland. Their average education and wealth is higher, and they are more active as investors. Thus they deviate considerably from the ethnic minorities described in most previous studies, which mainly focus on disadvantaged people.

Heikkilä (2008), referring to various welfare studies indicating that Swedish-speakers tend to be healthier, have less difficulty at school, divorce less than the mainstream population, have a higher propensity to complete tertiary education etc. (see also, Saarela and Finnäs 2003), notes that Swedish-speakers in Finland are often thought to enjoy greater cultural and social capital (Bourdieu 1979). However, she goes on to point out that this view has little credence among the minority itself and notes that Finland-Swedes as a collective are heterogeneous. For instance, there seems to be a certain friction between Swedish-speakers in Uusimaa and those in Ostrobothnia. The former is the capital region, the seat of government institutions, and the HQ of most large enterprises, whereas the latter is known for its many SMEs and entrepreneurial spirit. Heikkilä (2008) concludes that the identity of Finland-Swedes is a culturally determined, highly complex and multi-layered phenomenon.

Finally, Swedish-speakers are more mobile than the majority population. For example, in 2013, 12% of all Finnish citizens who moved abroad were Swedish-speakers. Due to the close historical, cultural, and economic links between Finland and Sweden, Sweden is overall the biggest target country of migrants from Finland, but the share of Swedish-speakers who move to Sweden is especially high (YLE 2015).

4 Conceptual Framework for Analysing Entrepreneurial Opportunities and Social Capital in the Context of Established Minorities

Social capital is held to be an important source for business development and entrepreneurship (Burt 2000). Higher levels of social trust can reduce the perceived risk of opportunistic behaviour (Welter and Smallbone 2006), while it may strengthen social and business networks as important resources. These tight social relations, in turn, may also perpetuate and strengthen shared social and informal institutional norms that may have a strong effect on the emergence of entrepreneurship amongst minority groups (Wennberg et al. 2013). Taken together, this may greatly affect the entrepreneurial activities of such groups.

Recent entrepreneurship research has increasingly emphasized the importance of finding ways to contextualize entrepreneurial behaviour and develop our understanding of when, how, and why entrepreneurship takes place (Welter 2011). In addition to

⁴FIM = Finnish markka, the national currency until December 31, 1998. 1 € = 5.94573 FIM.

embeddedness of individuals and organisations, institutional embeddedness of the opportunity structure also needs to be critically analysed (Kloosterman et al. 1999; Kloosterman 2010). Thus we advance an integrative framework addressing three different contexts of entrepreneurial behaviour. Similarly as Kloosterman et al. (1999) and Kloosterman (2010) in their mixed embeddedness approach, we integrate (1) the individual level with (2) resources and their mobilisation and local opportunity structure or development (Sarasvathy et al. 2003) and (3) macro-level institutional framework (cultural and political).

From these starting points, we will now conceptually explore how a minority's social capital and its embeddedness in a society and economy may affect the emergence and types of entrepreneurship that members of this minority may engage in, focusing on the case of established minorities. Like financial capital, social capital may be conceptualized as including both sources of capital and use of capital. In our model, use of social capital includes all actions related to identifying, seizing and developing opportunities. In what follows, we first identify the sources of social capital (Portes and Sensenbrenner 1993; Hyypä 2004), and then discuss how the social capital generated by these sources influences entrepreneurs' opportunity recognition, discovery and creation, illustrating our argument with examples from the specific context of the entrepreneurial activity of Finland-Swedes.

The sources of social capital may include a community's history, cultural tradition, institutions, education, work experience, values, and reciprocity (Portes and Sensenbrenner 1993; Hyypä 2004). Finland-Swedes have been argued to enjoy higher levels of social capital and wealth in comparison to the majority population (Hyypä and Mäki 2001; Surakka et al. 2009). Community history, culture and established practices have been shown to be important factors in explaining this (Hyypä 2004; Hyypä and Mäki 2001; Heikkilä 2008).

These sources act as triggering factors of strong (bonding) and weak ties (bridging) when taking advantage of the structural dimension of social capital. The structural dimension of Finland-Swedes' social capital includes network relationships, encompassing both strong and weak ties. Strong ties enable resource acquisition through social networks; this pertains to the bonding aspect of social capital. Weak ties, by contrast, induce indirect contacts that act as channels for information, ideas and influences also from socially distant locations. They are more likely to generate transfer between different circles and access to information different from what one usually receives (Granovetter 1973). Weak ties enable the use of resources received from diverse social connections, which is typical of the bridging aspect of social capital (Katila and Wahlbeck 2012).

If we analyse the characteristics of Finland-Swedes' institutional embeddedness it could be argued that the strength of their social capital lies in their communality (e.g., Hyypä 2004). Previous research has highlighted that Finland-Swedish communities are often embedded in tight social networks, implying abundant strong ties and possibilities for generating bonding social capital. This could be used when seizing opportunities and in mobilizing resources. The communality of Finland-Swedes also creates favourable conditions for developing the relational dimension of social capital. Tight social relationships reflect a higher level of social trust within

their communities, as compared to the majority population (Surakka et al. 2009). In a close-knit community, trust, trustfulness, norms and obligations are more evident than in a context where few or no communal relationships exist. Also, the reputational and social cost of breaking such bonds will be significantly higher, and the consequences longer-lasting.

On the other hand, in business terms, membership in a close-knit community may also create an overly strong focus on that community through several mechanisms. Firstly, it may be easier to do business with known and trusted partners. Secondly, trusting that clients will be loyal may decrease incentives to develop, thus hampering business competitiveness in the long run. Thirdly, strongly felt obligations to support and serve a particular community may lead an entrepreneur to disregard other opportunities which might over time have been more fruitful.

The arguably most important dimension of social capital from the perspective of ethnic minorities is the cognitive dimension—shared norms, codes, language and narratives—which assist in creating and maintaining a common understanding of mutually accepted goals and social rules (Nahapiet and Ghoshal 1998). Through language and narratives, the cognitive dimension is also linked to culture. Evidence at both firm and individual level (Barner-Rasmussen 2011; Barner-Rasmussen and Aarnio 2011) indicates that Finnish individuals who know Swedish⁵ play a key role in the extensive business links between Sweden and Finland. This has significant secondary consequences at the national level, as countries that share a language trade significantly more (e.g., Sauter 2012; Egger and Lassman 2015). In this context it should be mentioned that to the extent that such an effect prevails in trade between Sweden and Finland—whose economies are among the mutually most integrated in the world, even if Finnish and Swedish are mutually unintelligible—it is not only due to Finnish citizens who speak Swedish. English is widely spoken in both countries, a significant number of Swedish citizens know Finnish. According to a poll by the Swedish National Radio (2005), some 5% of the Swedish population was able to speak or understand Finnish or Tornedalian Finnish, a variant spoken in Lapland. Also, many Finnish citizens reside and work in Sweden.

There is also a connection between the cognitive dimension of social capital and opportunity identification. Buenstorf (2007) emphasises that the knowledge about focused business and cognitive preparedness of the entrepreneur are essential in identification of opportunities. The cognitive framework of the entrepreneur also has a crucial role in Baron's (2006) model of opportunity identification. In our example case, a slightly different cognitive disposition compared to the majority population may enable Finland-Swedish entrepreneurs to differentiate in important ways. Existing diaspora research (e.g., Riddle et al. 2010; Riddle and Brinkerhoff 2011) suggests that this differentiated cognitive disposition may be due to a broader cultural-regional scope and tighter cultural links to Sweden and the other Nordic

⁵It should be noted that not all of these persons would identify themselves as belonging to the Finland-Swedish minority, as Swedish is taught as a mandatory subject in Finnish schools and is spoken by many members of the majority population. We return to this issue below.

countries—a kind of diasporic state of mind, although we believe such terms should be used with caution when dealing with established minorities. This disposition may endow Swedish-speaking entrepreneurs with multiple lenses and access to a broader selection of ideas and other resources, thus improving their opportunity recognition and increasing their opportunities for differentiation, with ultimately positive consequences for their competitiveness.

A would-be entrepreneur's motivation to start a business is affected by emotional, instrumental, development and other motives, for example traditions and family pressures. Instrumental and development motives are largely dependent on the "supply" of opportunities. From the network perspective, Stevenson's (1983) classic definition of entrepreneurship as "*pursuit of opportunity beyond the resources your currently control*" is important. Kloosterman's (2010) approach to the opportunity recognition process includes opportunity *identification* in terms of matching existing, or known, market demand and supply (Sarasvathy et al. 2003). In addition to opportunity recognition in terms of entering existing markets where demand is already known, Sarasvathy et al. (2003) differentiate two other ways—opportunity *discovery* and opportunity *creation*. In opportunity discovery, the search for information about market characteristics, especially potential customers and competitors, is essential. If both demand and supply are unknown but the entrepreneur is convinced about the responsiveness of the market, opportunities could also be created (Sarasvathy et al. 2003).

In addition to the opportunity spectrum, also the context should be taken into account. Opportunities exist in social, spatial and institutional contexts (Welter 2011). Thus, the context of Finland-Swedes and especially their social capital could explain why they identify opportunities. As noted above, research on diaspora entrepreneurship suggests that the ability to identify and develop opportunities may benefit from a broader cultural-regional scope (e.g., Riddle et al. 2010; Riddle and Brinkerhoff 2011; Elo 2017). Mullins (2006) classifies opportunity domains to include market, industry and team domains. We propose to substitute the team domain with the 'entrepreneur domain', which is equal to Kloosterman's (2010) micro-level where connectedness up and down across value chain links the opportunity with structural dimension of social capital. This individual level also includes resources and resource mobilization (Kloosterman 2010). Kloosterman's (2010) model further includes a meso level (local opportunity structure) which is linked loosely to a macro level (institutional embeddedness of opportunity structures). We focus on the three dimensions of social capital at individual level. Thus, in the debate on whether social capital is a public or a private good (or both), we concentrate on its nature as a social resource possessed by individuals, with positive or negative confluence of their socialisation, education and network relations (Bourdieu 1979, 1986). In this regard we follow Bourdieu's argument that groups or communities do not possess social capital, but are constructed to maintain and safeguard the social capital of their members.

As noted earlier, mixed embeddedness (Kloosterman et al. 1999; Kloosterman 2010; Jones and Ram 2010; Katila and Wahlbeck 2012) denotes that ethnic minority businesses are dependent on their own community networks but also on external

structural contexts, highlighting the importance of minority entrepreneurs' embeddedness in wider social, economic and institutional contexts. Kloosterman (2010) discusses mixed embeddedness in terms of an opportunity structure where markets have two key characteristics: accessibility and growth potential. We have noted before that the possibility that markets may be internally heterogeneous constitutes a challenge to this model. Another challenge is that it assumes that opportunities for high-skilled migrants reside mainly in expanding markets, whereas in fact, so called high-impact firms may be found also in declining branches of industry and every part of the country (Acs et al. 2008).

Strong ties are essential in building trust in business relationships, but sharing a historical and cultural background facilitates the development of trustworthy relationships also with weak ties. Thus, within a minority, the shared context helps raise relational social capital levels, which will be essential especially in opportunity recognition. On the other hand, in the creation and discovery of opportunities, the cognitive dimension—for example language, narratives, and habits—will be crucial. Needless to say, the potential positive implications of these dimensions of social capital extend beyond identification of opportunities to endow business development efforts by community members with a certain degree of stability and sustainability over time. Linking these arguments to Finland-Swedes' entrepreneurial activity highlights how key resources of entrepreneurs from established minorities are accumulated and used over time, and how social capital supports successful resource mobilization and business development.

Finland-Swedish entrepreneurs seem to be embedded in both local, regional (Nordic) and international communities, as well as multiple, overlapping historical and institutional contexts. For example, Finland-Swede entrepreneurs in regions with strong entrepreneurship traditions, such as Ostrobothnia, may be able to benefit from both regional and international opportunities, as their cognitive social capital makes it easier for them to do business with partners in Sweden proper. Likewise, Finland-Swede entrepreneurs from one part of Finland will have an advantage in building relationships and benefiting from opportunities with Swedish-speaking business partners elsewhere in the country. However, a minority may still be internally differentiated or stratified in this regard: in the case of Finland-Swedes, possible benefits from being embedded in the entrepreneurial tradition in Ostrobothnia are limited to that part of the country. And it is important to acknowledge that easy bonding with Swedish-speaking partners may lead to more important opportunities with other partners being overlooked, thus falling victim to 'the ties that blind' (Powell and Smith-Doerr 1994).

These links between sources of social capital, its different dimensions, and the entrepreneurial opportunity spectrum are summarized in Fig. 2.

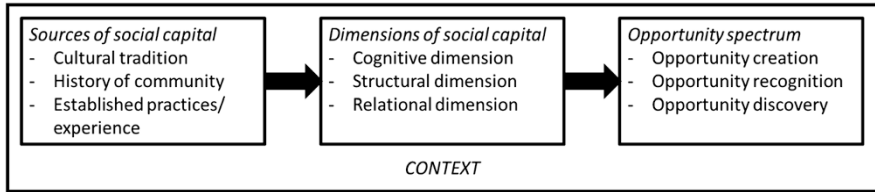


Fig. 2 Social capital and opportunity spectrum

5 Methodological Challenges for Future Research

Our example illustrates a major methodological challenge for empirical research efforts in the area of entrepreneurship among established minorities and diaspora networks. Namely, such minorities and groups have often learned to ‘blend in’, drawing on the social capital conferred by minority membership only in certain situations, whereas at other times they are difficult or impossible to distinguish from the majority population. In the case of Finland-Swedes, this ability to blend in is further heightened by the lack of physical distinction from the main population.⁶

In the case of Finland-Swedes, the methodological difficulties associated with reliable identification criteria for minority members manifest themselves at both the individual and the firm level of analysis. At the individual level, the only practical ways to identify persons belonging to this minority is either to go by formal first language—which will miss a large group of bilinguals—or to focus on how individuals themselves understand their identity in terms of language (and possibly ethnicity). These approaches will lead to very different results in terms of who the studied individuals are, how their networks are constructed, and how they understand the entrepreneurial opportunity structure and context in which they operate.

At the company level, things are more complicated still. As we have mentioned, a register of firms that have identified themselves as Swedish-speaking does exist, but these firms are so few as to suggest that the measure is extremely conservative. This raises tricky questions such as how to classify a firm owned by a person with Swedish as his/her formal first language, but where daily work is carried out in two or even more languages, and some employees may not speak Swedish? Simply put, few firms will state unanimously that they are ‘Swedish-speaking’, because that may cause alienation among Finnish-speaking clients and prospective employees (Barner-Rasmussen 2011), and official sources offer no other way of identifying firms where the language might well be spoken fluently on a daily basis. Firms can also be internally differentiated in this regard, with Swedish being spoken more frequently in some departments or functions (for example, export or marketing departments) than in others. Finally, due to widespread bilingualism, individuals

⁶We acknowledge that even among established minorities as defined in this chapter, visible factors such as race or ethnicity may cause significant differentiation in the ability to ‘blend in’ with the rest of the population.

who are formally registered as Finland-Swedes may also establish businesses where the main language is Finnish, yet these ventures may still benefit significantly from the social capital that can be derived from the entrepreneur's access to the Swedish-speaking community. In short, then, identifying ventures started by minority members and differentiating them from those started by the majority population is very difficult. Careful definitions and thorough, transparent data collection is called for. The latter, we feel, will be significantly facilitated by research teams composed in so as to represent 'insider' as well as 'outsider' perspectives, supporting the ability to pick up on minute contextual cues without impairing objectivity.

Secondly, to the extent that future empirical work aims to be comparative—comparing minority or diaspora entrepreneurship with entrepreneurial actions undertaken by majority representatives—careful matching of samples is necessary to avoid situations where findings are actually caused by underlying differences in wealth, education or other characteristics that are not directly related to minority/diaspora status *per se*. Of course, a minority may be wealthier and better educated than the average population, but in order to exclude the effects of these variables on entrepreneurship, the latter should be studied based on comparable samples.

Thirdly, as pointed out above, minorities and diasporas are not necessarily internally homogenous. On the contrary, they may be differentiated based on region or some other sociodemographic characteristic, making findings difficult to generalize. On the other hand, exploring such potential differences can yield interesting research ideas. For example, future research could identify differences between Swedish-speaking entrepreneurs in Southern Finland and the Ostrobothnia region.

Fourthly, minorities or diasporas are not necessarily identical in behaviour to those with whom they share their ethnicity or language. This observation is self-evident with regard to entrepreneurship because so many aspects of entrepreneurial context differ across countries, but identity issues and idiosyncrasies of national culture are also relevant dimensions of difference, maybe especially so in the case of established minorities with deep roots in their "host" country. In the case of Finland-Swedes, their national identity is emphatically Finnish, not Swedish; for example, their overwhelming majority will root for the Finnish national ice hockey team and not the Swedish one. Systematic exploration of similarities and differences can nevertheless yield ideas for interesting comparative research. For example, future research could compare the internationalization processes of Finland-Swedish entrepreneurs' businesses with those of their Swedish colleagues. It is well known that Sweden has a lot more multinational businesses in the consumer goods industry than Finland. Are there any systemic similarities in the internationalization of Swedish businesses and businesses of Finland-Swedish, or are the latter more similar to Finnish businesses?

Finally, as Welter (2011) states, the context changes over time and this means that longitudinal comparisons need to be made carefully. For example, the position of Finland-Swedes in society is changing, and there are indications of increasing differences between generations in that older generations are preserving their heritage but youngsters prefer to adjust to new multicultural models (e.g., Folktinget 2005). Opportunity structures are also dynamic, meaning that in addition to

opportunity recognition where market demand and supply are matched, attention should also be paid to opportunity discovery and creation (Sarasvathy et al. 2003).

6 Conclusions

In this chapter, we have developed a conceptual framework for analysing entrepreneurial activity amongst established minorities, taking the Finland-Swedish minority as an example. We have drawn upon a background including theories of entrepreneurship and opportunities, social capital, and mixed embeddedness. In our framework the starting point is identification of opportunity (Sarasvathy et al. 2003) where we differentiate opportunity recognition (demand and supply known), opportunity discovery (demand and supply exist but are not known) and opportunity creation (no demand or supply). Individual characteristics and social capital affect identification of opportunities and decisions to seize them. Sources of social capital include history of community, cultural tradition and established practices. Social capital dimensions (Nahapiet and Ghoshal 1998) in the model are structural (networks and network ties), relational (trust and norms), and cognitive dimension (language, narratives).

Our analysis suggests that social capital impacts the entrepreneurial activity of well-established minorities in ways that can actually provide them with better starting points than those available to majority population members. Despite potential pitfalls such as the risk of overembeddedness, well-established minorities can potentially leverage the combination of tighter networks and wider opportunity horizons to identify opportunities better and more efficiently, and exploit those opportunities more profitably and sustainably. This view stands in sharp contrast to the negatively colored view of minority entrepreneurship as a forced last resort for the disenfranchised. Our perspective illustrates the risk of overlooking important aspects of social reality if minority entrepreneurship is by default framed in terms of disadvantage or vulnerability. Our discussion and examples illustrate that under certain circumstances, the opposite is possible and even plausible. This novel perspective amounts to a significant “shaking of the box” in terms of usual approaches to minorities as entrepreneurs.

We argue that the structural, relational and cognitive social capital possessed by a minority or diaspora can combine with its embeddedness in regional contexts on one hand, and international contexts on the other, to create preconditions for entrepreneurship that are at least equal to those enjoyed by the majority population. This potential is especially good when minority members can take on positions as boundary spanners between contexts (Riddle and Brinkerhoff 2011), leveraging their understanding of the respective contexts to improve the quality of business linkages across different kinds of boundaries (e.g. cultural, national, and/or linguistic; see Barner-Rasmussen et al. 2014).

However, to realize this potential, successful boundary spanners should be acceptable as ‘insiders’ on both sides of the boundary they span. Controversial or

badly integrated minorities will find it more difficult to take on boundary spanning roles. This is a strong argument in favour of efforts to integrate immigrant and ethnic communities and diasporas in a positive, respectful and mutually beneficial way. It is also an argument for educational efforts aiming to deepen the understanding that majority population members have of the minorities that share their social space, thus pre-empting or assuaging potential tensions between groups. It is important to emphasize that this is not only an economic issue, but has a human and ethical value as well. Educational efforts can also backfire if perceived as irrelevant or enforced, as demonstrated by the partly negative reactions against Swedish as a mandatory language in Finnish-language schools. Still, we believe that sensible educational efforts that increase ethnic groups' understanding of each other and thus contribute to productive coexistence are likely to be beneficial from a business viewpoint. The host context and the extent to which it is experienced as hostile or welcoming has a strong influence on incoming entrepreneurship (Nkongolo-Bakenda and Chrysostome 2013), making it in the interest of all involved to facilitate and support the efforts of immigrant and ethnic entrepreneurs.

In terms of managerial implications, an obvious point for minority entrepreneurs who wish to expand their business is that they should be careful to avoid overembeddedness in their own ethnic community, as this may mean that they never realize the transnational potential offered by their social capital. Especially for entrepreneurs from relatively prosperous and numerous minorities, whose local or regional community may constitute an easy, 'captive' market, this is likely to require a conscious effort. Such efforts could be supported by education, information and astute public investments into business development and internationalization support aimed specifically to help minority entrepreneurs leverage their potential strengths in terms of market access.

Overall, our argument also implies that well-integrated, prosperous minorities are an economic asset of regions and nations in terms of the international business linkages they can enable. The value added by Chinese and Indian migrants to many economies in Africa (see e.g., *The Economist* 2011) serves well to exemplify this point. This potential 'profit of hosting' could be highlighted in public discussions on immigration alongside other arguments on immigration, cultural diversity, integration, and public investments into business development. In a public debate that is sometimes one-sided in portraying minorities and integration from a cost perspective only, the potential economic benefits of integrated minorities and a vibrant, multidimensional social fabric deserve to be highlighted as a counterpoint. We suspect that to make this point stick, researchers with an interest in migration and diaspora research should collaborate with economists and accountants to develop appropriate metrics for estimating the potential economic value thus generated.

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Social Capital, Diaspora and Post Internationalization: A Developing Economy Case



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Abstract International new ventures (INVs) from high tech industry in developing economies need international markets in order to survive and/or develop their business activities. INVs have utilized their bonding social capital to overcome their liabilities and success in foreign market. In this study we focus on Costa Rican software firms who have took advantage of the immigrants in their CORs (diaspora) that generates bonding and bridging social capital to enter to international markets, particularly in US market. The case study analyses of four companies suggest that bonding social capital originating from diaspora enables INVs to implement lower and more inexpensive modes of entry and bridging social capital enables originating from other ties them to increase the sales in foreign market. The influences of the diaspora on social capital provoke a positive change on firms' performance.

1 Introduction

The social capital related to ties outside the home country and inside the home country is important (Prashantham and Birkinshaw 2015). A relevant international tie that may influence the business development domestically and/or overseas is called diaspora (Elo and Volovelsky 2017; Prashantham and Birkinshaw 2015). Diasporans are “migrants who settle in one place move on and regroup” (Cohen 2008, p. 142). International new ventures (INVs) often expand their business beyond their boundaries facilitated, sometimes, by diasporans (Elo 2016). To extract benefits from these relationships, INVs often rely on their social capital (Coviello and Munro

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1997; Coviello 2006). Firms with more social capital will be exposed to a higher potential business opportunities (Ramos et al. 2010). Both empirical and theoretical considerations suggest a positive effect social capital on international opportunity identification and venture performance (Chandra et al. 2009; Pinho 2016). This information about international opportunities should be acquired through member of a diaspora that plays a critical role connecting and conducting business for INV in foreign markets (Elo and Volovelsky 2017; Riddle and Brinkerhoff 2011). The diasporans, through their links to international opportunities, may also generates social capital in the internationalization process of ventures, which improves performance (Lew et al. 2013).

Most of the research of social capital and diaspora have been conducted predominantly in the context of advance economies and very limited to the emerging or developing markets (Köksal 2006; Jones et al. 2011). The international social capital that includes the diaspora in their country of residence (Elo 2016), are considered important factors, in developing countries, to identify international opportunities and improve business development of INV (Nkongolo-Bakenda and Chrysostome 2013; Rodrigues and Child 2012). However, researches on developing markets context tend to be focus on the Asia region giving little attention to the understudied Latin America region (Clarke et al. 2016). The studies on the importance of social capital and diaspora to understand internationalization as a tool to improve firm's performance and international opportunity identification in developing context is still an incipient area of study (Rodrigues and Child 2012). This type of countries are associated with lack of human capital, lack of R&D and poor quality of bureaucracy may not take advantage of technology transfer (Zahonogo 2018, p. 3). The INVs, therefore, suffer from deficits of resources (amount and quality), the competition by resources and the operation in less munificent environments in comparison with INVs from advanced economies (Kazlauskaitė et al. 2015) unfold the diaspora importance in its countries of residences to obtain information (Elo and Volovelsky 2017) and influence on venture performance (Prashantham and Birkinshaw 2015). Diaspora represents a form of encourage international firms (Elo 2016). According to Terjesen et al. (2016) future research should "include unexplored countries, particularly, those from the developing world" (p. 315). Social capital and immigrants of their countries of residences (CORs) (Elo 2016) from developing context, offers a pertinent setting to investigate the internationalization process of INVs.

The literature review has demonstrated the importance of social capital and diaspora approach on internationalization (Rana and Elo 2017; Smith et al. 2017). The social capital and immigrants in their CORs may influence the creation of INVs firms (Nkongolo-Bakenda and Chrysostome 2013) and the post entry speed of internationalization, particularly in emerging market context (Rana and Elo 2017; Prashantham and Dhanaraj 2010, 2015). Despite of current knowledge of the importance of social capital originating from immigrants of their CORs on international process of INV, there is scant research about how INV access and leverage this type of social capital to achieve superior performance in a developing economy (Prashantham 2011; Prashantham and Young 2011). In the same vein, more research

is needed to better explain the influence of immigrants of their CORs on venture performance in a developing economy context (Prashantham and Zahra 2006).

Accordingly, this paper is motivated to contribute to research on social capital, which connects networks and resource acquisition in internationalization. (Nahapiet and Ghoshal 1998) defined social capital as the actual and potential resources embedded within, available through and derived from the network of relationships possessed by an individual or organization. McDougall and Oviatt (1994) did not explicitly mention social capital but they indicate its importance at early and later stages of internationalization. Thus, this paper expects to contribute, also, to the International Entrepreneurship (IE) field, focusing on social capital of INVs originating from immigrants in their CORs and post-entry speed of internationalization. IE study international business activities of small and medium entrepreneurial firms (Mcdougall et al. 2003). Post-entry speed is a topic of interest to International Entrepreneurship scholars (Morgan-Thomas and Jones 2009; Prashantham and Young 2011). Equally important is the role of immigrants in their CORs in the generation of new opportunities/resources leading to superior venture performance (Chung and Tung 2013; Morgan-Thomas and Jones 2009). The objective in this study, therefore, is to explore the influence of social capital originating from immigrants in their CORs on post entry-speed of Costa Rican INVs and the role of this diaspora on their performance. A case study approach of four Costa Rican software firms that had entered to foreign markets is presented. Over the last 15 years, Costa Rica had been representing an interesting case study for many scholar (Ciarli and Giuliani 2005; Ciravegna 2012; Ketelhoehn and Porter 2002; Lopez et al. 2009).

By doing so, we address the call for research on social capital theory and internationalization process of the INVs, operating in high-tech sector in other regions as Latin America context (Prashantham and Birkinshaw 2015; Terjesen et al. 2016). The current study analyses the following research questions:

RQ1 How does social capital originating from immigrants, of their CORs, influence post-entry speed of INVs?

RQ2 What is the role of immigrants, of their CORs, on performance of INVs?

This research argues that immigrants in their CORs has a positive influence on INVs' entry mode selection and may influence the INVs performance as presented in Prashantham (2011). This chapter is organized as follows. First, a review of some relevant literature that provides the foundation for this study, focusing on the discussion in the literature of the social capital, diaspora and international new ventures. Later this research introduces the methodological and data collection procedures. The fourth section presents the findings of the data analysis and the results. The final section discusses the findings, their implications and further research.

2 Literature Review

2.1 *Social Capital*

Social capital is a resource that is generated through a network, and therefore it is related to the nature of the relationships. The most comprehensive approach to providing an overview of the existing definitions can be found in the seminal review of Adler and Kwon (2002). The authors argued the social capital definitions vary depending on whether they focus on substance, the sources, or the effects of social capital. The authors mentioned the definitions vary depending on whether their focus is primarily on (1) the relations an actor maintains with other actors (bridging form of social capital); (2) the structure of relations among other actors within a collectively (bonding form of social capital). According to Adler and Kwon (2002) the bridging view (1) focuses on entrepreneurs and how they linked to other entrepreneurs to obtain access to the resources they need. In this view, social capital may be used to explain the differential success of entrepreneurs by bridging the structural holes in their networks, commonly via brokers, to achieve desired outcomes (Burt 2005). These action is consistent with weak ties notion (Granovetter 1973). Weak ties are “bridges” to information sources and the opportunity identification have generally been associated with holding a “bridging” position in a network (Granovetter 1973; Elfring and Hulsink 2003). The bonding view (2)—focus on the collectively, which may constitute a cohesiveness that facilitates the pursuit of common goals (Adler and Kwon 2002). Diaspora communities foster similar values among community members, support integration into the host society and contribute to socio-economic development in homelands (Brinkerhoff 2009). Bonding social capital is derived from strong tie connections characterized by multiple, and repeated interactions (Putnam 2000). Strong ties are likely to be more densely connected to other ties (Granovetter 1973) and important for business activity (Jack 2005). From these dense networks, resources can be developed over time (Nahapiet and Ghoshal 1998).

Bonding view of social capital focuses on resource flow through social ties rather than a structural and bridging perspective (Adler and Kwon 2002). *Bonding social capital brings together people who are like one another in important aspects (ethnicity, age, gender, social class, and so on)* (Putnam 2002, p. 11). Ties with immigrants (diasporans) constitute a potential source of bonding social capital (Zafarullah et al. 1997). According to Brinkerhoff (2009) diasporan interactions with common goals contributes to the creation of bonding social capital, and this type of social capital may create INV, is useful to gain and develop opportunities in domestic and foreign markets (Rana and Elo 2017; Prashantham 2011). Bonding social capital, also, is useful to INVs to development its business (Bell 1995; Coviello 2006; Crick and Jones 2000; Laurell et al. 2016; Sharma and Blomstermo 2003).

2.2 *Social Capital and International New Ventures*

Despite the debate about if social capital develops at a firm level or at an individual level, both levels can be united under a network perspective (Borgatti et al. 1998). The core presumption in this research is the entrepreneurial firms' social capital is the aggregate of the social capital of individual firm members and has a preconditioning influence upon the firm's social capital outcomes. Literature emphasize the importance of social capital for perceiving international opportunities, initiating international activities and improving international capabilities and competitiveness, which become enhanced as entrepreneurs acquire more knowledge about foreign markets (Blomstermo et al. 2004; Ellis and Pecotich 2001; Freeman et al. 2010; Loane and Bell 2006; Sharma and Blomstermo 2003).

The pace of international expansion of a new venture (post-entry speed) once it has become an INV is a key issue to achieve superior performance of knowledge and technology intensive INVs (Prashantham and Young 2011). Technological and market knowledge has a central explanatory role (Autio et al. 2000; Johanson and Vahlne 1977) on internationalization processes as speed of learning, influenced by social capital and the contend of learning represent the post-entry speed conceptualization in particular (Prashantham and Young 2011).

In terms of learning and knowledge, social capital relates to how efficiently the knowledge is transferred (Prashantham 2005; Fletcher and Prashantham 2011). On the level of a dyad, bonding social capital and bridging social capital are interrelated (Nahapiet and Ghoshal 1998). Some level of bonding social capital is required for the partners to be able to build bridging social capital, for example how could the partners interact if they would not have a common language (Rodrigues and Child 2012). The firms are likely to differ in respect to their levels of social capital. Given that international exposure is required to build bonding or bridging social capital, firms without international exposure are likely to be short of international social capital (Rodrigues and Child 2012).

Social capital derived from immigrants in their CORs could result in a useful support system for internationalizing INVs (Zafarullah et al. 1997), those diasporans are important because they bridging institutional differences and reducing trust asymmetries (Zaheer and Zaheer 2006). The factors influencing post-entry speed may positively assist in the generation of new resources leading to innovative internationalization pathways and the continuance of rapid international growth in the post-entry development phase (Autio et al. 2000; Morgan-Thomas and Jones 2009). Some literature suggests that foreign ties (including diaspora) are a valuable source of resources and thus enhance firm survival and performance meanwhile other researches mentioned such ties do not always translate into high performance (Gulati and Higgins 2003).

The dynamic nature of social capital indicates that it may increase or decrease as firms deepen existing relationships, establish new ones, and end problematic ones (Larson and Starr 1993) and to overcome this liabilities the firm must transform its social capital focusing to reach superior performance (Coviello 2006; Prashantham and Dhanaraj 2010; Yli-Renko et al. 2002). Diaspora in their COR provide access to

resources (amount and quality) that may create capabilities for a firm (Portes 2003; Nahapiet and Ghoshal 1998). The literature argues that the quality rather than quantity of network ties is what gives greater access to unique information (Arenius and De Clercq 2005; De Clercq and Arenius 2006). Some studies show both strong and weak ties important at different stages of firms internationalization process (Evers and O’Gorman 2011; Freeman et al. 2006; Granovetter 1973; Kontinen and Ojala 2011). The entrepreneurs, therefore, may use weak or strong ties in domestic (Fernhaber et al. 2008) or international (Chandra et al. 2009). Diasporans (immigrants in their ROCs) that share similar values and vision may reduce the INV cost when doing business abroad, because they have good knowledge of the cultural and political aspect of the target country (Nkongolo-Bakenda and Chrysostome 2013).

Bonding social capital derived from diaspora could result in a useful support system for INVs (Zafarullah et al. 1997). Those ties in their country of residence are important because they may support a venture creation or influence its international development (Pruti 2014). In the other hand, INV that developed ties with firms outside the collectively—that is, created bridging social capital—may also increase its chance to survive in the international markets.

In developing countries context the accentuated resource constraint arise the importance of the social capital generated by the network ties (Hitt et al. 2002). Nanda and Khanna (2010) suggest that the entrepreneurs from Indian context tend to rely on social networks in order to identify business opportunities and financing. Focuses in African context, Chand (2016) established that the role of played by diasporans through social capital by facilitate the trade, investment, technology transfer, and capability development. In international business context, diaspora play an important role in facilitating cross-country trade (Epstein et al. 2016; Light and Shahlapour 2016; Riddle et al. 2010).

3 Method

Traditionally, scholars have studied social capital as a one-dimensional concept (e.g.: Burt 1992; Coleman 1988). However, current research recognizes the relevance of the multidimensional nature of social capital in explaining the value of entrepreneurs’ social capital (Maurer and Ebers 2006). This research uses the two-dimensional (bridging and bonding) framework of social capital (Adler and Kwon 2002). Although these dimensions are conceptually separate from each other, many of their features are highly interrelated.

In brief, due to the complexity of the phenomena that this work describes, the starting point for the abductive logic was a pre-understanding based on a literature review, followed by a empirical observations generating new ideas, followed by a recheck of the literature resulting in new empirical observations, and so on. For social construction, it is suggested the use of single qualitative data collection methods from narrative research, grounded theory, case studies, sample survey (Saunders et al. 2009). For social capital research, case study method is considered

suitable in addressing features of complexity (Chetty and Söderqvist 2013; Prashantham and Dhanaraj 2010). Based on previous research, Costa Rica is considered a small, open economy (Lopez et al. 2009); as a consequence, the research findings can be compared to the social capital of firms from other small and open economies. The firms had to be 6 years or older to be included in the study, targeting export firms that have reached international markets within 6 years of their inception (Chandra et al. 2012; Evers and O’Gorman 2011; Mcdougall et al. 2003). This condition was, also to ensure that the firms had endured through the threshold stage of new firm survival (Audretsch 1991). All firms, except two, had less than 100 employees; the others had 400 and 1000 employees by the time of the interview. However all firms were SMEs at the time of its creation. According to the Ministry of Economy of Costa Rica, there is an accepted definition to differentiate SMEs from their larger counterparts. The used criteria when measuring size by employment is a point average (p): if $p \leq 15$ micro-sizes, if $15 < p \leq 30$ small-sizes, if $30 < p \leq 100$ medium-sizes and if $p > 100$ large-sizes, where p is a function of the number of employees, sales and assets of the firm. This study adopted the above definition and focused mainly on SMEs at the time of initial activities.

During the entire research process there have been movements back and forth between theory and practice not only in writing phase but also when finalizing the frame around it. Logic, related complexity and process theories are not bound to any particular method. Since the objectives of this research are more related to understanding the behavior of a firm than to quantitative measurement (Jack 2005), a qualitative approach provides understanding about social capital and the role of diaspora; providing more knowledge about the relationships (Jack 2010).

This research used a multiple case study method, similar to the approaches introduced by Eisenhardt (1989), Eisenhardt and Graebner (2007), and Yin (1994). Given the phenomenon in question, multiple in-depth case studies, employing a participant observation technique and other instruments that follow the process through time (Sinkovics et al. 2005), seemed the most appropriate methodological approach to this research. Case research is a valid methodological approach for scholars studying internationalization process from the social capital lens (Lindstrand et al. 2011; Prashantham and Dhanaraj 2010). The examination of context specific issues related to entrepreneurial internationalization usually involves either grounded theory or case study techniques (Rialp-Criado et al. 2005).

3.1 Data Collection

There are different manners to obtain data within case studies, in-depth interviews for understanding network formation have been proposed by Ellis (2000). Narrative interviews are based on interpreting and making sense of human experience by listening to, collecting, and analyzing stories from an actor’s life world. These interviews are particularly relevant in understanding perceptions on value propositions in various contexts enabling the revelation of meaning of a phenomenon as

informants actively reconstruct and construct the past, present, and anticipated future (Kaartemo 2013).

A dynamic retrospective approach is utilized in this research, previous study with these techniques had been applied for similar purposes (see Chetty and Agndal 2007). In this study the unit of analysis is the social capital (personal level/firm-level) taking in to consideration the role of network ties as its source. With the use of multiple comparative case studies enables within and cross case comparisons, search for patterns and general explanations to be developed (Eisenhardt 1989; Yin 2003). Following Yin (2003) separate case studies on each firm were developed from interviews, database information and archival records. The use of multiple case studies allows the researcher to search for cross-case patterns and themes to provide accurate and reliable theory and capture novel findings that may exist in the data (Eisenhardt 1989; Miles and Huberman 1994). The flexibility offered in case study design allows aspects such as number of cases, scope of cases, purpose and research questions to be modified over time (Eisenhardt 1989; Miles and Huberman 1994). This flexibility was important for this study given the abduction of this research; it allows emergent issues to be explored.

Data collection following Leonard-Barton (1990), an interview was conducted with each firm to construct retrospectively the company's history ranging from the period of pre-founding until the moment of the interview. A timeline was constructed to detected major events that impacted the development of the firm as mention in Fuerst and Zetting (2015). Data collections method is the process from where this study can gather relevant information which will be used for answering the research questions.

The research involved two or three in-depth, semi-structured interviews with the owners/founders and CEOs of the cases of study carried out during 2013 (3–4 months between each interview). When needed, one more interview was arranged and focused on the missing details in order to complete the information. The research used multiple sources of data allowing *data triangulation* (Yin 2003), which helps to address concerns that subjective judgments are used to collect the data (Yin 2003). Corroboration of the interviews through the use of CAMTIC, firm cases website and other secondary data was used to validate the interview data (Yin 2003). Public sources of information gathered from newspapers and other publications and company websites. This enhanced the validity of the research through corroboration, crosschecking and provided a more complete and holistic portrait of the phenomena (Ghauri 2004). Individual case descriptions were developed using specific analytical techniques suggested by Ghauri (2004) and Yin (2003). The narrative description and analysis is organized chronologically in the form of historical reconstruction.

3.2 *Data Analysis*

This research initially starts as an inductive and deductive process with a business insight into data collecting and analyzing, and continues more abductive following

the leads that were clearly identified from the data; the findings are being sorted and analyzed. These inductive and deductive strategies are not mutually exclusive (abductive strategies); it is possible to combine these strategies to analyze qualitative data (Saunders et al. 2009). The social capital and its content function as key construct to structure the study. Individual case descriptions were developed using specific analytical techniques suggested by Ghauri (2004) and Yin (2003).

Chronologies: In the social capital, the post-entry speed and venture analysis are important to identify the critical incidents and key actors. The narrative description and analysis is organized chronologically in the form of historical reconstruction.

Coding: This process entails the researcher retrieving, interpreting, organizing quickly, and clustering data to draw conclusions (Miles and Huberman 1994). This coding for events was primarily based on the chronological map. From the data recognized it was needed to separate post-internationalization activities into the analysis and also the separation into social capital sources and internationalization events. The concept of network tie is applied to insert a firm's social capital dynamics into its context, interlinking it to the forces that have formed the process.

The coding process was carried out using the NVivo 10 software. The coding process has been done deductively and inductively. Deductive coding is about coding data based on a pre-determined framework, whereas in inductive coding themes, categories and patterns are discovered from the data (Patton 2002). The main part of the coding has been inductive and then categories have emerged from the raw data collected through interviews and documents.

Pattern matching: This is one of the most desirable techniques in case study research for analyzing cross-cases (Yin 2003). It is a process where several pieces of information or empirically based patterns are compared with predicted (theoretical predictions or conceptual framework) ones. This matching was done using a mixture of specific analytic methods such as matrices, data clustering, and identifying systematic patterns, using the initial conceptual framework as the foundation.

The multiple case study analysis uses both within-case and cross-case methods as recommended by Miles and Huberman (1994) and Yin (2003). Within-case analysis began with detailed write-up for each case with the objective of becoming familiar with each case as a stand-alone entity and to let the unique patterns of the case emerge through the rich description (Eisenhardt 1989; Halinen and Tornroos 2005). Cross-case analysis was conducted based on the themes and constructs identified in each case. Fact and evidence were compared and contrasted in order to search for cross-case patterns. To increase the thoroughness and sophistication of the cross-case replications, different mixes of cases were grouped to compare similarities and differences in different dimensions.

4 Case Background

Case Study 1

The founders of firm 1 are the founder and co-founder. The co-founder (the diasporic brother) was working at US MNE for a long period of time, where he was responsible for all technology strategies and implementations of the Company. He earned a post-graduate degree at US University.

Firm 1 began activities in 1995. While the (diasporic) co-founder was working for this US MNE, he found that the company needed to acquire some “customs forms” for an Indian firm but he decided to ask his brother in Costa Rica (the home country) if he could do the customs forms. At this initial stage this firm bought a firm based in San Francisco because it considered it was good for the relationship and business with the (US) customer. The customs form work consisted of an outsourcing business. The US Company sent firm 1 the “raw materials” to do the customs forms and the firm 1 had to return the final product, which means the customs forms ready to use, as requested. After the first order was satisfactorily accomplished, the software company offered firm 1 a 4-year contract to continue with this work. Four years later, with the initial international contract almost complete, the founder was prepared to quit his bank job and diversify the firm’s services. He consulted with his brother about going to the USA to search for other business opportunities to gain more contracts for the firm. This new service allowed software producers to scale their development and testing capabilities quickly. The (diasporic) US-based brother arranged some meetings with friends and colleagues from the software sector in California, giving him some options to match. The founder benefitted from his brother, who due to his position in an important software company, had contacts and influence, acting as a bridge to yield opportunities.

As a result of these contacts, the firm gained a considerable business contract with another software company from the USA. In June 1999, when the firm was created formally (in a legal sense) the founder finally quit his job at the bank. The co-founder (the brother in the USA) did not yet quit his job. They hired two more employees to do business with the two software companies in the USA. The founders started a plan to reopen its operations on the West Coast, this time in Los Angeles, through a joint venture. The founders therefore utilized another strategy this time and hired a representative agent. The firm had started up as an international firm, providing software engineering services (outsourcing), but after 2002 it started paying attention to internet services. The main target market was and still is the USA, due to the growth potential there and because it was easier does business in a known market. Later there was a possibility to expand to Florida, but these plans were not totally accomplished because of lack of capital (the firm had to write off a loan and ended with financial loss).

In 2005 one of the founders attended a high school activity at his daughter’s school where he met an old friend who was the CEO of UNISYS Andean Region. He was a Costa Rican citizen but had been living in Peru for over 12 years. Thus, in 2006, with few resources (human or financial), Firm 1 opened a new office in Peru.

The founders offered their friend an equity stake in the company to generate his commitment to the development of the Peru subsidiary.

The firm needed a contact in South American market in order to expand our activities; our friend was exactly what we were looking for. (Co-founder of Firm 1)

This new office outside Costa Rica allowed the firm to enlarge its staff, particularly skilled workers. At the same time the new office allowed Firm 1 to grow in terms of international sales.

Each target market needs a different business model in order to enter; it cannot be an exact replica of others. (Founder of Firm 1)

In 2006 just two persons worked in the Peru office which for 4 years was just a development center. The production of that office was for the USA market, until 2010 when it started to sell in the Peruvian domestic market also. However, it still had no real interest in markets other than the USA.

The software labor market in Costa Rica is swamped with IT firms and there are not enough skilled employees. Hence, the limited supply of skilled workers in Costa Rica was an important constraint on the firm's development. This excess of demand over supply of labor pushed wages up. When the firm needed to recruit skilled workers it was necessary pay more and more. Firm 1's target annual revenue growth was between 15% and 20%, so it wanted to expand to other countries in order to find more resources and develop more products (or services). Software engineering services, quality assurance, mobile products, and bank products and services were in the new portfolio for international and local markets. The US market still represented 80% of Firm 1's sales and the remaining 20% were from the Costa Rican market by the time Peruvian office was opening.

As the firm needed additional investment to grow, firm 1 sought new investors to raise the firm's efficiency and to participate in forming strategy. The two founders decided give some key employees the opportunity to buy shares in Firm 1. Nowadays Firm 1 has 28 shareholders all of whom, except one, still work for the firm. Additionally the CEO has invested in some software firms to expand his personal portfolio. Sometimes, Firm 1 works with other firms in Costa Rica, particularly, when a specific skill does not exist within Firm 1. This partnership is usually because one of the co-founders recommends a firm to work with. The Firm 1 brand is part of these partnerships, and this type of exchange is reciprocal. As part of the firm's strategy sometimes it will outsource a specific part of a project to another Costa Rican software firm.

Long-term relationships mean personal relationships and if any relationships turn into personal ones I feel more confident because of the trust between us (Founder of Firm 1)

By the end of 2012 only the New York subsidiary managed to earn a profit. Additionally there was another global economic slowdown which affected the firm's business.

Firm 1 works with customers from Europe as a part of its regular activities in the USA market. It saw an opportunity to expand these relationships with European

firms in order to expand Firm 1's markets in the future. In 2012, it had also decided to expand its share of the USA market, entering different cities. It saw a potential for growth in different geographical areas of US territory. The decision was made to trade on the West Coast without creating new representative offices. Firm 1 needed financial resource to expand its sales further in different cities of the USA, but the market was too big for its capacity, thus it had to do it slowly and in a less costly way, guaranteeing positive results. As a result, the growth of Firm 1 is constant but slow. Each of Firm 1's USA representative offices has just one worker.

The relationships developed with customers or partners are at different levels; the owners, management teams and engineering team are responsible for this strategic issue. They generally have problems when one or many of the employees leave the firm, because the "trust team" changes. For the owner/founder or CEO, the probability of ending a relationship if one of the "trust team" leaves is very high. The firm has had some troubles with customers and some of these relationships have ended. New personnel mean no trust to share the knowledge or activities of the team. Firm 1 usually has better relationships with its older customers, especially with those who have developed personal relationships, but the CEO recognizes that the development of these relationships has to be mutual. Every new relationship is considered a formal ("business") relationship. Firm 1 tries to develop long-lasting relationships with its partners and customers. If any customer or supplier experiences a merger, however, in the beginning it is considered a positive development, because the employees go from one firm to another firm and Firm 1's network is thus enlarged. These relationships are possible only if Firm 1 maintains the high quality of its services and products. By 2013 the firm had 400 employees in three different countries: 5 in the USA, 125 in Peru and 270 in Costa Rica.

Case Study 2

Firm 2 was founded by two brothers. The current CEO created the firm when he was aged 23 and his brother was aged 20. Both are systems engineers trained at a technology university in Costa Rica. The CEO also obtained an MBA in Spain. After he finished postgraduate studies he returned to Costa Rica. In 2001 he was teaching at a Costa Rican university. There, one of his students told him about a business opportunity in the firm the student had been working in which was looking for software firm to do business with.

The two brothers founded the firm, leveraging this first opportunity. The main founder did not quit his job as a university teacher. They hired two advanced students to start the work. They succeeded and by the end of the first year, there were eight employees working in the firm. The initial product was software engineering services developing customer software solutions that could be integrated to every firm's needs. The first two projects were possible because of the brothers' personal networks.

The second project (first international) was an outsourcing business for a Mexican company. Firm 2 did not produce any product at the beginning; it offered software engineering services only.

Since Firm 2 had a rapid development of its domestic customer portfolio, including multinational companies located in Costa Rica, Firm 2 took those relationships (especially with MNEs) as its way to internationalize.

The Mexican customers suggested to Firm 2 it should make an incursion in the niche of business intelligence (BI). Due to the scant human resources in the Costa Rican ICT sector, Firm 2 decided to look for qualified foreign employees. One of the CEO's university friends was from Ecuador. He told him the new idea to expand Firm 2's business outside Costa Rica. The Ecuadorian friend agreed and became a partner in Firm 2, running the new office. The Ecuadorian office is not a production center but just an outsourcing center. Firm 2 needed the new office to keep its competitive advantage in outsourcing and to increase the skilled human resources available. This is a key issue. Firm 2 decided to explore the opportunity because in Costa Rica skilled employees are expensive compared with the rest of Latin America. That is why the firm had to go abroad and create new offices with local employees. When it opened the new production center in Ecuador the number of employees increased to 100. In Ecuador, Firm 2 started to do business in the domestic market until the end of 2010.

At the same time, in 2010 a Dominican firm proposed an alliance to share customer names information and explore work together in that country. The Firm 2 CEO knew this firm from an export promotion meeting years ago, so they finally decided to open a new office in the Dominican Republic. Just before the opening of the Dominican Republic office, Firm 2 changed its partner doing another alliance, this time with a Costa Rican software company. The new alliance included software implementation, the partner selling the software and Firm 2 providing the implementation service. The relationship with the Dominican partner did not last, however, because there was no trust between them.

Also in 2010, Firm 2 bought a firm and turned into a corporate group in 2011. Although Firm 2 had to take out of the market two brands (from Oracle platforms), the firm gained new services customers and could think about growth. Firm 2 opened two more offices outside Costa Rica: one in El Salvador and one in Panama. The one in El Salvador started with domestic employees just providing services for the local market. The one in Panama has Costa Rican employees to provide services just for the domestic market. Firm 2 went to El Salvador because of the lack of skilled available employees in Costa Rica and to avoid paying extra money to hire employees from other software firms in Costa Rica, which are already expensive. Thus, Firm 2 entered to those markets through a friend.

As noted above, Firm 2 also has a partnership to implement Microsoft software and has obtained gold-level certification in learning services, the highest award possible for Microsoft partners. Firm 2 has developed its business in three market niches: corporations (MNEs), mid-market (no institutional domestic firms)—small market (outsourcing), and finally institutional customers. It has three offices located in different cities in Costa Rica. The firm uses MNEs to expand its international activities, and has done so since 2009 as a strategy. The development of the relationship between Firm 2 and its key partners has multiple levels: it begins with a personal relationship with the general manager, followed by the relationships of each member of the work team with their colleagues. Firm 2 has invested in a spin-off, a

firm from a university incubator. One-fifth of Firm 2 sales are from abroad. MNEs are quite important in the domestic market and Firm 2 also has a relationship with Alpha firm.

The relationships of Firm 2 with other firms are long lasting (8 or more years); time enough to turn business relationships into personal ones. There was just one exception to this rule for them.

I prefer personal relationships but there is always an exception and the exception would be in case we [the firm] need to survive. (Firm 2 Founder)

Firm 2 do not yet have a presence in the US market; its main markets are Central America and the Caribbean (95% of the international sales). Mexico and Colombia are the most important potential markets for growth. In the near future the firm is planning to enter the US and Canadian markets. For Firm 2, the Costa Rican Export Promotion Agency has played an important role, linking it with foreign firms when the firm started to expand its international activities. Later Microsoft arranged Firm 2 business meetings in different countries. Central America countries are the neighbor markets.

The Central American region is our natural market (Firm 2, founder).

Case Study 3

The firm 3 was formed in 1997 by three partners although they did not launch the business until 2002. Two of the partners were US citizens who had been living in Costa Rica for more than 5 years, and the third was Costa Rican. None of them were from the business sector and their ages were between 27 and 33. One of them has a postgraduate degree in systems engineering, the other US citizen has graduate studies in sociology (main founder) and new technologies. The Costa Rican partner studied graphic design in Costa Rica.

In 2006, as a member of the ICT Chamber of Costa Rica, this firm accepted a business opportunity to start exporting to the USA. Firm recommended the firm to a US company in order to undertake a specific project. The firm had some knowledge about the US market, but not of the software market in that country. This was an opportunity to gain market knowledge and eventually make some alliances in the near future.

The firm created a firm in the USA, representing sales and management accounts. All the products sold through this company were produced by them. The management team considered having a subsidiary was important in order to sell their products and doing it with employees from the USA.

The firm 3 is still a web developer, but this niche market had changed. Web developer services were the most attractive part of the business. Today the company is changing partners again, because one of the partners left the firm. Therefore, the rest of the team thinks it is a good opportunity to reorganize the company again.

International development was not spontaneous, better to say it occurred casually. The organization of the company was not suited growth through international activities.

Sales in the USA accounted for about 20% when the company began its international activities, current sales to that market are around 35%. It is trying to push its strategy through an intermediary that allows it to reach all USA market.

In 2011 Firm 3 opened an office in Ecuador, on the recommendation of an Ecuadorian firm with which it did business in Costa Rica. The firm decided to go to Ecuador without a contract but expecting to gain one. Firm 3 expected to work with the same Ecuadorian company that it used to work with in Costa Rica. The firm decided introduce the same domestic product as in Costa Rica: BI.

The high salaries in the Costa Rican software sector were a challenge for Firm 3. They tried to make a product with quality above the Costa Rican average, in order to meet the standards of any sophisticated market (e.g. the USA). This high quality product is essential to Firm 3 to obtain references and to establish new business projects. Firm 3 tries to keep its employees (and attract others) with a policy of increasing salaries, related to the quality of its products. The firm needs skilled workers in order to create high quality products that are above the local market requirements. Also it is very important keep the employees well trained to take care of customer satisfaction.

Later Firm 3 entered the US market, because of a recommendation from an MNE in Costa Rica. The Costa Rican subsidiary talked about Firm 3 to another US company. This was an unexpected opportunity that Firm 3 took with confidence, knowing its product was developed enough for the US market. The employees of Firm 3 have international certification for innovation.

Most of our project opportunities are possible because of reference business; our exceptional quality goes mouth to mouth. (Main Founder of Firm 3)

The firm has an office in Florida and expects to open more offices in different cities across the USA. The production office would be located in Costa Rica. The US market fulfils all of Firm 3's expectations for developing and growing. The best way to approach the US market of USA and achieve growth is to open offices in different places around the US territory, in this firm's view.

Outsourcing is not its goal for the near future. Firm 3 expects to develop products or services. Foreign sales were 20% when it started by now it represents about 15%. By now there are 20 employees and a managerial team. Firm 3 used to keep long-term relationships but already had short ones because of its products.

Case Study 4

There were four founders—three engineers and one economist—all from the ICT sector and Costa Rican. One of them discovered a business opportunity while he worked for IBM in 1995. He had discovered a good opportunity in a niche market with a lot of potential: so-called protocol network administration and implementation.

The firm 4 decided to go to the USA and replicate its model. It looked for someone who managed an IT firm in the USA, someone with market knowledge,

sector knowledge and relationships in the USA. The firm also created a holding company for its international activities; its foreign sales are about 50% of total sales, and still growing. The firm has an office in Texas but offers the service for all of the USA. They used MNEs as a way to achieve internationalization:

The firm internationalization strategy has been different in each country because it took advantage of its relationships with MNEs. If needed, the firm would create an alliance with another firm before entering a specific market. The firm's growth depends on the necessities of the alliance or the requirements of the MNEs. The firm starts with a low commitment of resources in each market and gradually increases its commitment.

In 2003 Firm 4 decided to go to the USA and replicate its model. It looked for someone who managed an IT firm in the USA, someone with market knowledge, sector knowledge and relationships in the USA. Firm 4 also created a holding company for its international activities; its foreign sales are about 50% of total sales, and still growing. The firm has an office in Texas but offers the service for all of the USA.

If Firm 4 pretends to be in the front line of the industry we should be in the US market, our target market, to know about preferences and tastes and the latest in the market. (Firm 4 CEO)

MNEs are a good way to achieve internationalization:

There are many people from the same company in different countries that is an easy way to do it (Firm 4 CEO)

Firm 4 also decided to go to Colombia, wanting to do its business differently and with more commitment. The firm found a Colombian partner who was the former CEO of a Colombian communications company. Firm 4 gave him some shares in order to gain his collaboration. One of the Firm 4 founders knew him, because they met in a Cisco meeting when the contact was working for Orange Colombia. This new partner had experience in the sector and many relationships with other firms inside and outside Colombia.

In 2007 Firm 4 decided to go to the Caribbean and Puerto Rico, which has a similar culture. The Caribbean is quite different but the firm decided to work with known partners.

Firm 4 had started as small firm, but in 2007 after very fast growth, particularly in its internationalization, the firm needed to change its whole organization. Nowadays the firm has an external board of directors. It has three types of funding (venture fund, private funds, and equity funds) and in addition has corporate government policies and external audit. The original founder keeps his chair at the firm on the board.

Firm 4 decided to exploit its relationships outside Costa Rica. The firm did not enter any country without a partner. The Cisco gold certification allows the firm to do business in 10 different countries (in the same region). The MNEs suggest the country and the moment to do business. For instance, Hewlett Packard divides the Latin

America market into four regions—Mexico, Brazil, South and Central America and the Caribbean—and each region has its own CEO.

Firm 4's internationalization strategy has been different in each country because it took advantage of its relationships with MNEs. If needed, the firm would create an alliance with another firm before entering a specific market. The firm's growth depends on the necessities of the alliance or the requirements of the MNEs. Firm 4 starts with a low commitment of resources in each market and gradually increases its commitment.

If any firm wants to do business outside the regions that Cisco or HP have established, it must be certified again. But if it does business in the countries where Cisco or HP has subsidiaries, it does not need other certification. However, the politics of the MNEs are global.

5 Cross Case Analysis and Findings

To analyze the data from the four case studies, we used cross-case analysis. This technique treats each individual case as a separate study, and the analysis can reveal similarities as well as differences between the firms (Yin 2003). The differences are described and highlighted.

5.1 *Social Capital and Post-Entry Speed*

Firm 1, 2 and 3 became international from inception but they took many years to reach a second foreign market. Firm 1 needed 12 years for the second market. Firm 2 took 7 years to reach its second foreign market. Firm 3 took 4 years to reach a second market. Clearly, among other things, the domestic market played an important role for those firms. Firm 4, which is an early international firm, were in many markets (same region) at the same time but took 5 years to enter a distant international market (see Table 1).

The social capital of firm 1, 2, 3 and 4 involved in the post-internationalization strategies sourced by diasporans in their CORs (strong) and other weak ties (see Table 2). All firm cases have bonding and bridging social capital and each type of tie requires different interactions. Usually a long-term relationship generates trust. Firm 3 with only weak ties had different kinds of interaction with its counterparts. This is mainly based on its product. All the firms try to convert weak ties into strong ones. Only firm 1 and 2 have achieved this goal. Firms 1, 2 and 4 used their diaspora to expand their international activities at some point. The relationships were located in both the domestic market and international markets.

The case-study firms relied on their social capital to identify potential partners in order to expand their activities to other countries. Not only did they take advantage of bonding social capital for identification of partners, they also used it to gain access

Table 1 Description of the internationalization process, ties and social capital of Firm 1

Internationalization process
<p><i>First international OI (USA, 1995)</i></p> <p><i>Discovery:</i> His brother offered to do business in U.S.A. (enabler: Diasporan, immigrant in USA, bonding social capital)</p> <p><i>Evaluation:</i> He needed human and financial resources as well as specific market knowledge. His workmate facilitated the financial resources and his brother the specific market knowledge. (facilitator: By diasporan, bonding social capital)</p> <p><i>Exploitation:</i> Influenced by network position of the counterpart and his support</p> <p><i>Entry mode:</i> Export (through outsourcing)</p>
<p><i>Subsequent international OI (Peru, 2005)</i></p> <p><i>Discovery:</i> A was looking for a new market to produce. A friend of the founders in Peru was the trigger (facilitator: By diasporan: Immigrant in Peru, bonding social capital)</p> <p><i>Evaluation:</i> Analysis if the environment of the country was appropriate.</p> <p><i>Exploitation:</i> Firm's shares offered to their friend. Friend was in charge of getting skilled workers and financial funds. (enabler: By diasporan, bonding social capital)</p> <p><i>Entry mode:</i> FDI (eventually, direct sales)</p> <p><i>Alliances practices:</i> One of the founders has a diversified portfolio of stocks of Costa Rican software firms. With these firms usually to do outsourcing, rental brand and direct reference activities.</p>

Table 2 Description of the internationalization process ties and social capital of Firm 2

Internationalization process
<p><i>First international OI (USA, 2007)</i></p> <p><i>Discovery:</i> An institution linked U.S.A. company with firm 2. Firm 2 agreed to evaluate the opportunity. (no diaspora, bridging social capital)</p> <p><i>Evaluation:</i> Employees skills according to the outsourcing project.</p> <p><i>Exploitation:</i> The Costa Rican firm (2) had not enough trustworthiness according to USA firm. The founder invited the managerial team to Costa Rica and worked for free on the first project in order to generate trust.</p> <p><i>Entry mode:</i> Direct sales (through outsourcing)</p>
<p><i>Subsequent international OI (Spain, 2013)</i></p> <p><i>Discovery:</i> Firm 2 had an unexpected relationship with a company of Spain (bridging social capital)</p> <p><i>Evaluation:</i> The firm will accept the opportunity only if is a video game.</p> <p><i>Exploitation:</i> Skype meetings to learn about the product and culture (bridging social capital).</p> <p><i>Entry mode</i> Direct export</p>

to these partners and to negotiate cooperative agreements, and to speed up the partnering process. Having joint suppliers and customers, and industry associations, or being related through an employee's professional connections, is sometimes beneficial for partner identification and access to them.

Some of the firms continue to focus on their domestic expansion. The focus of this expansion has been on increasing general knowledge to improve domestic organization and business operations. Identification of subsequent internationalization opportunities was the result of accessing, exchanging and co-producing the resources through immigrants in their CORs (strong ties) and other ties located

domestic or abroad, and/or the actions of new ties which provide new information and knowledge for active opportunity development. The firms acquired *knowledge* from external sources to help grow their domestic business. An important part of the change in management practices was increasing the managerial team and the participation of new members in decision making. The firms increased their *product knowledge* to develop new services.

The influence of cultural proximity on subsequent choices of foreign markets and operation locations was not significant in all the cases. While geographical proximity was regarded as a location advantage that facilitated coordination and control of foreign operations, geographical closeness was not correlated to psychological distance. Three out of four firms targeted foreign markets that had the largest market potential and represented the global trends of the business sectors in which they operated. This agrees with Arenius (2005), Bell (1995), Madsen and Servais (1997). Firm 4 started out conducting business in both domestic and foreign markets. Business in the domestic market supported the survival of the firms and their accumulation of resources at the early stage.

The decision by firm 1 to place its business focus on the USA was made in response to the huge potential of the market and perceived cultural proximity. Similarly, the decision by firm 1, 2 and 3 to establish production facilities overseas were made because of the latter's location advantages of low cost and high quality human resources. The respective cultures and values of surrounding countries and Costa Rica were indeed found to be quite similar because they shared the same ethnic origin (immigrants in their CORs). However, a very important issue is that the firms have very limited business sales in these neighboring countries—they produce in those countries to sell in North America, particularly the US market. In that market, besides different ethnic origins, the culture and values are not so different. These findings were in agreement with other studies, which find psychic distance to have very limited influence on the foreign business development of firms (Ellis 2000). It seems that the connection factor defined in terms of ethnic ties is considered the least important by most of the respondents, whereas location-specific advantages (country advantages) were the most important.

The cross-case analysis traces the evolution of bonding social capital and its influence on the post-entry speed. Given the extensive number of internationalization events in many cases, the analysis highlights major internationalization events only. However, it is pointed out that there is evidence that pre-founding ties influences initial internationalization and consequently impacts on subsequent internationalization events. The cases show that discovery of the first internationalization opportunity provides new ties (not necessarily diaspora), and international social capital through its foreign networks which further develops the firm's international activities. Subsequent internationalization was the result of accessing, exchanging and extracting knowledge of diasporans (strong) and other weak ties that enlarge the firm's knowledge and provide new information.

The cross-case analysis show that, depending on the firms' ability to change existing social capital and find new, more useful bonding social capital, their internationalization either proceeds or does not. The existing bonding social capital

leads as well as regulates the firm's behavior. Firms are left with sufficient quantity but not quality of resources in the foreign markets. The firms in the study were characterized by activities to develop social capital (bridging and bonding) because they were able to expand the existing social capital, rapid for their initial internationalization and slow in post internationalization. That is, when the firms require the necessary social capital they access the resources of international partners through outsourcing activities, which takes time to accrue the social capital needed. Other sources (i.e. diaspora) allow the firms to speed the change of useful of social capital during the post internationalization stage. It should also be mentioned, however, that the social capital originating from diaspora cannot be observed always to have positively effects on the post entry activities of software firms, the firms have to react (in time) to avoid the negative effects of the social capital, otherwise they may suffer significant detrimental consequences.

5.2 *Diaspora and Venture Performance*

All firms relied on their social capital to meet the challenges of development and achieve their growth objectives. Firm 2 continues with its expansion in different regions (Caribbean and Central America). In the Caribbean, it wants to do business with a reliable partner; it needs the trust that flows through the relationship. This firm changed partner and finally entered that market with a Costa Rican firm. This alliance allowed firm 2 to implement the product that its partner was selling in the Dominican Republic. Firm 3 decided to enter the Ecuadorian market. An Ecuadorian company (with a Costa Rica subsidiary) wanted to do business and proposed this international opportunity to this firm. The financial resources to support this opportunity were provided by the firm itself. The knowledge was obtained from diverse sources (internal and external). Firm 4 used its social capital to enter subsequent markets as well as to access the required knowledge for each market. The firm developed a learning center, where it trains staff in the different tasks of the software business. Thus, this firm has avoided the problem of the lack of supply of skilled workers in Costa Rica by creating its own human resources. In terms of employees, the firm has grown from less than ten to more than one thousand.

It is evident from the case study findings that these entrepreneurs have been able to access network resources because they built their networks based on *trust* and *reciprocity*, particularly those from diaspora; and where knowledge played an invaluable role in developing such mutually beneficial network partnerships. The key knowledge does not develop automatically; they are an outcome of the network learning of the individual. The cross-case findings indicate that in the post-internationalization stage social capital helps in the learning process of the firms (See Table 3), which is important to their international growth. They were able to face the learning process, along with the identification of business opportunities.

The findings show that international social capital is useful in aiding SMEs to become MNEs (firm 1), in the sense of expanding their production capacity in foreign markets. The relationships are an important facilitator of SMEs' capacity to go

Table 3 Description of the internationalization process ties and social capital of Firm 3

Effects on internationalization
<i>First international OI (USA, 2006)</i>
<i>Discovery:</i> An institution liked firm 1 and firm 3. A in turn linked firm 3 with USA company. (no diaspora, bridging social capital)
<i>Evaluation:</i> Financial resources requirements.
<i>Exploitation:</i> D bought a USA firm in order to do business with his counterpart.
<i>Entry mode:</i> FDI
<i>Subsequent international OI (none)</i>

Table 4 Description of the internationalization process ties and social capital of Firm 4

Internationalization process
<i>First international OI (Central America, 1998)</i>
<i>Discovery:</i> The lead founder discover a niche market while he was working for IBM (no relation with social capital)
<i>Evaluation:</i> They needed human and financial resources
<i>Exploitation:</i> After some meetings with their potential clients there was final agreement about the project, they needed a partner to take charge in central American region in order to exploit the opportunity
<i>Entry mode:</i> Direct sales
<i>Subsequent international OI (USA 2003)</i>
<i>Discovery:</i> Firm 4 found (direct research) a niche market in some states of USA.
<i>Evaluation:</i> Analysis if it is possible to obtain a profitable project.
<i>Exploitation:</i> Firm replicates the business strategy in this market. They looked for a partner
<i>Entry mode:</i> Joint venture
<i>Subsequent international OI (Colombia 2007)</i>
<i>Discovery:</i> Costa Rica firm linked firm 4 with MNE in that region
<i>Evaluation:</i> Market research.
<i>Exploitation:</i> Quickly agreement with CR firm to develop its products.
<i>Entry mode:</i> Commercial agreement

beyond conventional exporting (FDI). Prashantham (2011) pointed out that co-ethnic social capital (e.g., firm 1) can be accessed and leveraged within overseas ethnic communities, which could yield outcomes that would not otherwise be as readily achieved due to the peculiar attributes of bonding social capital that appear to lie in the trust that is readily available. Thus, the findings show that a sufficient amount of international bonding social capital sourced by strong ties (immigrant in his COR) with high levels of trust enables rapid international growth (see Tables 4 and 5).

A low level of international relational social capital may not be a problem, but no international social capital means problems in convincing potential partners to engage in business or cooperation activities. However internalize the acquired knowledge was a gradual process for all firms. The period of time between their first international activities and the post international activities was wide.

Emerging economies are not static but evolve over time and at different rates across countries (Hoskisson et al. 2013). These evolutionary processes initiated by successful entrepreneurship drive changes in the local institutions and cultures. In some regions, the actions of entrepreneurs contributes to the creation of an

Table 5 Social capital and post-entry speed

Case	Post-Internationalization			
	Network tie involved	Role of ties on discovery	Role of ties on evaluation	Role of ties on exploitation
Firm 1	Discovery: <i>diaspora</i>	Enabler. Their old friend's location decided the country	Facilitator. He advised them and took the responsibility of opening the production centre	Enabler. The old friend was in charge of the office
	Evaluation: <i>diaspora</i>			
	Exploitation: <i>diaspora</i>			
Firm 2	Discovery: diaspora	Enabler. His old classmate's location decided the country (reactive)	Facilitator. The evaluation of needed resources was made by him and the firm	Enabler. The old friend was in charge of the office
	Evaluation: -			
	Exploitation-			
Firm 3	Discovery: <i>strong tie</i>	Enabler. Regional firm suggested they do business in Ecuador(proactive)	None. The evaluation of country conditions was made by the firm	Enable. The firms started to do business
	Evaluation: -			
	Exploitation-			
Firm 4	Discovery: <i>weak tie</i>	Enabler. Domestic regional firms suggested regional business (proactive)	None. The evaluation of needed resources was made by the firm itself	Enabler. The new markets were encompassed together with its new partner
	Evaluation: -			
	Exploitation: diáspora			

Table 6 Diaspora and venture performance

	Post internationalization	
	Access to resources through diaspora	Absorptive capacity
Firm 1	FMK: Diaspora	Positively associated with the accelerated assimilation of new knowledge by INVs
	P/T K: Other tie	Positively associated with the accelerated transformation of newly acquired knowledge by INVs
Firm 2	FMK: Diaspora	Positively associated with the accelerated acquisition of new knowledge by INVs
	P/T K: Other strong bridging tie	Positively associated with the accelerated exploitation of new knowledge by INVs
Firm 3	FMK: Other weak bonding tie	Positively associated with the accelerated transformation of newly acquired knowledge by INVs
	P/T K: Other strong bridging tie	Positively associated with the accelerated exploitation of new knowledge by INVs
Firm 4	FMK: Other weak bridging tie	Positively associated with the accelerated acquisition of new knowledge by INVs
	P/T K: P/T diaspora (bonding)	Positively associated with the accelerated assimilation of new knowledge by INVs

environment that encourages yet more entrepreneurship and even forms a positive feedback loop (Autio et al. 2014) (see Table 6).

6 Conclusions

Through bonding social capital sourced by diaspora the discovery of opportunities may in fact be the reason to create a venture. This study suggests through bonding social capital flows more and high quality resources. Bridging social capital is often useful for brokerage actions. Thus, the debate about strength of ties should be widened, as well as the relationship benefits, because there is evidence that is important. Learning outcomes of social capital facilitate the change in a firm's strategy based on election of the tie in its networks.

The link between bonding social capital and diaspora takes place through existing strong ties. An international new venture rich in bonding social capital sourced by diaspora may internationalize faster and enter into more sophisticated markets. Its market selection may also be affected by bridging or bonding social capital. These types social capital have a crucial role, whereas weak ties are less important. The importance of weak ties in providing new information is present in some of the case-study firms as well as the importance of bonding ties that usually contain trust. It has to be considered that a weak tie in this context could develop a new strong tie into a trustworthy one. That is particularly important for INV entrepreneurs in recognizing opportunities for new foreign market selection and entry. As mentioned, the social capital is mostly based on bridging social capital. INVs may possess higher levels of social capital if they change the strength of their source.

6.1 Contributions

This research argues that INVs social capital will affect their acquisition of knowledge, financial resources and human resources during their internationalization. However, how this process occurs is unknown (Maurer and Ebers 2006; Prashantham and Dhanaraj 2010; Lindstrand et al. 2011). Also, the literature does not discuss how social capital and its influences evolve over time (Adler and Kwon 2002; Burt 2000).

The context should play an important role in the behavior of case-study firms. There is a lot of (potential) social capital in Costa Rica; e.g., the FDI coming from the USA is the highest amount per capita in Latin America. In addition there is direct contact between US firms (located in USA) and Costa Rican firms (located in Costa Rica). This means there is a highway (not in a straight line) of (potential) international social capital between these two countries. Appropriate management of the diaspora (immigrants of Costa Rica in USA) and other relationships is a key issue to obtain a high quality of social capital.

Finally, social capital and the resources it renders may be a source of competitive advantage for an early international venture. The findings suggest that social capital helps firms in their post-entry internationalization but accrue is slow. And the positive effects of social capital on firms' internationalization start to reduce when

the trust level of social capital becomes low. It was been shown that this reduction in trust levels draws out the business development.

6.2 *Limitation and Future Research*

The research findings need to be examined in the context of the limitations of the study. Data was collected exclusively in Costa Rica, introducing a potential inclination regarding the effects on internationalization and thereby limiting generalization of the findings to other countries. Due to its relatively small population of only 4 million, Costa Rican firms may be more dependent on international trade than firms in countries with larger domestic markets. Furthermore, cultural and institutional differences may have important implications regarding INVs' social capital.

Finally, the data was collected after the actual events and the researcher relied on the retrospective recall of the interviewees. This recall may be less influenced by memory than by a reconstruction of the past to make it consistent with subsequent performance results.

Extension of the study to incorporate quantitative methodologies in different sectors and different geographical regions would be a step forward. Research linking social capital and business competitiveness in domestic and international markets would equally be a good opportunity to study. The current research on the software sector and the characteristics of those firms nowadays presents a gap that have to be filling in taking into account outsourcing activity. This would help to understand the velocity of the changes of entrepreneurial characteristics in this sector, which in turn distances itself from the state of current research.

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Life-Satisfaction of Entrepreneurs in the Diaspora: Embedded in Transnational Networks and International Business



Ye Liu and Thomas Schøtt

Abstract It is well known that entrepreneurs' transnational networking is benefiting international business, especially exporting, and that diasporic entrepreneurs are pursuing transnational networks and international business more than natives. Far less is known about outcomes such as well-being. This chapter addresses the question: how are diasporic entrepreneurs' networking and exporting shaping their satisfaction with life? 1. A globally representative sample of entrepreneurs, including first generation migrants and second generation diasporans, reported on networking, exporting and life-satisfaction. 2. Analyses reconfirm, globally, that entrepreneurs in the diaspora are networking and exporting more than natives, and that networking promotes exporting. As hypothesized, diasporic entrepreneurs, especially in the first generation, have higher life-satisfaction than native entrepreneurs. Life-satisfaction also benefits from networking and exporting. 3. The study contributes to understanding how life-satisfaction of entrepreneurs is shaped by being in the diaspora and by transnational networking and international business.

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1 Introduction

Being an entrepreneur in the diaspora is coupled with networking transnationally and with doing business internationally. It is well known that entrepreneurs' transnational networking is benefiting international business, especially exporting, and that diasporic entrepreneurs are networking transnationally and doing international business more than natives (Elo 2015).

The coupling of diaspora status with networking and international business enhances economic performance. However, far less is known about the embeddedness of non-economic outcomes in networking and international business. The ultimate outcome may not be economic performance but well-being and happiness. Expectedly, like economic action, an entrepreneurs' satisfaction with life is embedded in networking and international business (Aliaga-Isla and Rialp 2013).

This frames this chapter's research question: *how is life-satisfaction of entrepreneurs shaped by being in the diaspora and by transnational networking and exporting?* Is entrepreneurs' satisfaction with life dependent on whether they are natives or diasporans in first or second generation? Is their satisfaction benefiting from transnational networking and exporting?

Answers to these questions contribute to understanding how well-being and happiness of entrepreneurs in first and second generation in the diaspora, contrasted native entrepreneurs, is shaped by transnational networking and international business (Gedajlovic et al. 2013).

Answers are here obtained by analyzing a globally representative sample of entrepreneurs, uniquely surveyed in the Global Entrepreneurship Monitor, enabling generalization to the world's native and diasporic entrepreneurs.

The following sections review the theoretical background, develop hypotheses, describe the research design and data, report analyses and results, and conclude by considering contributions and further research.

2 Theoretical Background: Diaspora, Networking, and International Business

The theoretical background concerns how entrepreneurs are networking transnationally, how networking affects exporting, and how entrepreneurs in the diaspora are exporting.

2.1 Transnational Networks Around Entrepreneurs in the Diaspora

Entrepreneurs are networking with others for advice and other resources. Some entrepreneurs are networking transnationally, with people who are abroad or who have come from abroad (Salaff et al. 2003; Stephens 2013). Migrant entrepreneurs, i.e. entrepreneurs in a country who were born in another country, often have transnational networks, especially with people in their country of origin (Honig et al. 2010; Portes et al. 2002; Schøtt 2017b, 2018). Indeed, such first generation migrant entrepreneurs tend to be networking transnationally more than native entrepreneurs, i.e. entrepreneurs who were born in the country and whose parents were also both born in the country, as shown in detail in a global study (Ashourizadeh 2017a). Second generation diasporic entrepreneurs, i.e. entrepreneurs born in the country, but with a foreign-born parent, tend to be networking transnationally more than natives, but less than first generation migrants (op. cit.). These tendencies of entrepreneurs in the diaspora to be networking transnationally are reconfirmed here, as one of the starting points for this study.

2.2 Transnational Networking and Exporting

Entrepreneurs' often network transnationally to promote exporting. This has been found in numerous small scale surveys (Elo 2015; Flap et al. 2000). Indeed, transnational networking benefits exporting worldwide as evidenced in recent global studies (Ashourizadeh and Schøtt 2015; Ashourizadeh et al. 2014; Jensen and Schøtt 2015). Conversely, exporting is likely to boost transnational networking. The benefit of transnational networking for exporting is reconfirmed here, as another starting point for this study.

2.3 Exporting in the Diaspora

Partly as a consequence of their transnational networking, entrepreneurs in the diaspora tend to be exporting more than natives, as shown in many small scale analyses (Ashourizadeh 2017b; Brzozowski et al. 2014; Elo 2015; Enderwick et al. 2011; Zhou et al. 2007), and also in detail in a global analysis (Ashourizadeh 2017a). Specifically, both first generation migrant entrepreneurs and second generation diasporic entrepreneurs are exporting more than natives (op. cit.). The tendency for entrepreneurs in the diaspora to be exporting is also reconfirmed here, as yet another starting point for this study.

3 Hypotheses: Satisfaction Benefiting from Diasporic Status, Networking and Exporting

The outcome of economic endeavors is typically considered in economic terms, as economic performance, survival and profit. Increasingly, however, outcomes are also considered in non-economic terms, as more ultimate outcomes, especially as well-being, happiness or satisfaction with life.

People differ in their satisfaction with life, partly according to their circumstances. Native entrepreneurs, first generation migrants, and second generation diasporic entrepreneurs expectedly differ in their life-satisfaction (Schøtt 2018). This first hypothesis can be elaborated by considering who is most and who is least satisfied with life.

A common image of migrants is that they are miserable. This is epitomized in Bob Dylan's lyrics "*I pity the poor immigrant who wishes he would have stayed home*". However, this study does not consider migrants in general, but those who are entrepreneurs, i.e. owning and managing a starting or operating business, and migrant entrepreneurs in first and second generation are rather similar and similar to the natives in their experiences of pull of opportunity and push of necessity, and incomes are rather similar across the three kinds of entrepreneurs and considerably higher than the incomes of ordinary people. Diasporic people tend have entrepreneurial intentions more frequently than surrounding native people, because they tend to be embedded in home-societies with strong traditions of entrepreneurship and embedded in host-societies with weaker traditions of entrepreneurship among the surrounding native people (Schøtt 2016, 2017a). The diasporic entrepreneurs have succeeded in realizing their entrepreneurial intentions and create businesses that have survived, at least until time when surveyed about their satisfaction with life, while many other diasporic people have intended or tried to start but have abandoned their entrepreneurial endeavor, and thus are not studied here. Compared to the diasporic entrepreneurs, fewer native people have abandoned an entrepreneurial endeavor, and native entrepreneurs' survival is less exceptional, so the native entrepreneurs are therefore not achieving as much and not as satisfied as the diasporic entrepreneurs, we should expect. This theorizing is, in general terms, that a person such as an entrepreneur makes a self-evaluation as satisfied with survival by comparison to others, a reference-group, which for a diasporic entrepreneur is likely to be other diasporic entrepreneurs and past entrepreneurs and their business experiences and for a native entrepreneur is likely to be other native current and past entrepreneurs and their experiences (an example of such contextualization of people's satisfaction is Zhou and Xie 2015). This difference can be stated as two hypotheses:

H1a Life-satisfaction is higher for first generation migrant entrepreneurs than for native entrepreneurs.

H1b Life-satisfaction is higher for second generation diasporic entrepreneurs than for native entrepreneurs.

First generation diasporans may differ from second generation diasporans in a similar manner (Beckers and Blumberg 2013; Masurel and Nijkamp 2004; Portes et al. 2009; Wyrwich 2015). Among first generation migrants, becoming an entrepreneur is a great achievement, both in that it successfully manifests their strong embeddedness in their home-society with its typically strong tradition of entrepreneurship, and in that they have succeed against all odds, knowing that especially many first generation migrants intend and try to become entrepreneurs but quickly abandon the entrepreneurial endeavor. The second generation diasporic entrepreneurs are less frequently than the first generation abandoning their entrepreneurial endeavor, so survival is more common and is not quite as much an achievement, and is not quite as satisfying as for first generation migrant entrepreneurs. This generational difference can be stated as yet another hypothesis,

H1c Life-satisfaction is higher for first generation migrant entrepreneurs than for second generation diasporic entrepreneurs.

Diasporic status is not the only circumstance affecting satisfaction. A person's satisfaction also depends on the network around the person. In general, people's networking is related to their happiness, in that people with large networks tend to be happier than people with small networks (Zhu et al. 2013). This can here be considered a hypothesis specifically about entrepreneurs and their transnational networking,

H2 Networking affects life-satisfaction positively.

Entrepreneurs' transnational networking is related to international business, and we should expect this to also affect their satisfaction. Exporting is an accomplishment, a successful performance in the role as entrepreneur. The satisfaction from exporting is not merely deriving from the income from exporting, but expectedly derives from fulfilling the human need for relatedness, relating to others, which is considered a basic human need in contemporary social-psychological theory of self-determination (Ryan and Deci 2000). In general, people's good performance in their role tends to promote their well-being (Bandura 1986). The satisfaction from good performance, more encompassing than exporting, expectedly also derives from fulfilment of the human need for competence, a feeling of being competent, which is also considered a fundamental need in the theory of self-determination (Ryan and Deci 2000). This can here be considered a hypothesis about entrepreneurs,

H3 Exporting affects life-satisfaction positively.

The coupling among diasporic status, networking and exporting, as well as their hypothesized effects on life-satisfaction, are represented in the scheme in Fig. 1, with comparisons among natives and first and second generation diasporans.

The effects in the scheme are analyzed in the following.

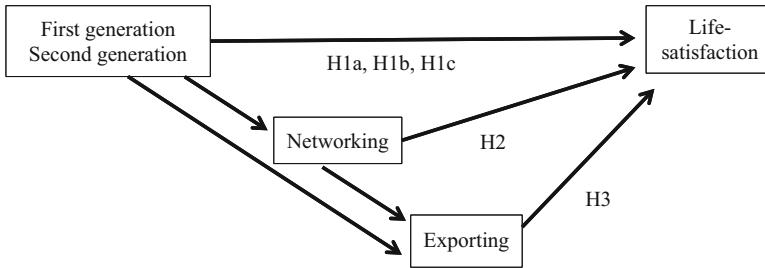


Fig. 1 Scheme of satisfaction affected by diaspora status, networking and exporting

4 Research Design

The ideas concern behavior of entrepreneurs, so we study a population of entrepreneurs. The ideas are not limited to entrepreneurs in a particular place, so we study the population of entrepreneurs in the world. Data on entrepreneurs around the world are collected in the Global Entrepreneurship Monitor, GEM (Reynolds et al. 2005). GEM is annually conducting the largest survey in the world of people's involvement in entrepreneurship, specifically entrepreneurs as those owning and managing a starting or operating business. Most of the GEM data are made publicly available (Global Entrepreneurship Research Association 2017). GEM data are used extensively for academic studies (Bosma 2013), also focusing on entrepreneurs in the diasporas (Vorderwülbecke 2013), entrepreneurs' transnational networking (Cheraghi and Schøtt 2015), and entrepreneurs' exporting (Ashourizadeh et al. 2015).

4.1 Sampling

GEM surveys the adults around the world, annually, with a questionnaire that has a stable set of questions, e.g. exporting, and some questions that have been included only in some countries in some years, notably the three questions asking about migration, networking and satisfaction. We therefore include the survey from those countries and years which have asked about migration, networking or satisfaction. More precisely, the sample is those entrepreneurs who reported on migration, networking or satisfaction. This sample totals 128,457 entrepreneurs who were surveyed in 92 countries within the period 2009–2014. This set of countries has a high degree of representativeness of the countries around the world, and within each country, people are sampled randomly, so the sample of entrepreneurs has a high degree of representativeness of the entrepreneurs in the world. This sample is used for describing the world's entrepreneurs (Table 1).

The total sample of entrepreneurs includes a subsample of 4865 diasporans, as defined below. They were residing in 68 host countries and originated from

Table 1 Distribution of each variable in the sample

Variable	Values	Distribution
Diaspora status	First generation diasporan	91.0%
	Second generation diasporan	5.1%
	Native entrepreneurs	3.9%
	Total	100.0%
Satisfaction	1.0–1.9	6.3%
	2.0–2.9	19.7%
	3.0–3.9	39.1%
	4.0–5.0	35.0%
	Total	100.0%
Exporting	0% of customers abroad	60.8%
	1–10% of customers abroad	22.0%
	11–25% of customers abroad	5.2%
	26–50% of customers abroad	4.2%
	51–75% of customers abroad	3.3%
	76–90% of customers abroad	1.9%
	91–100% of customers abroad	2.6%
	Total	100.0%
Transnational network	0 transnational advisor	85.7%
	1 transnational advisor	7.9%
	2 transnational advisors	6.4%
	Total	100.0%
	Mean or proportion	Standard deviation
Transnational network	.21 advisors	.54
Market network	.79 advisors	1.11
Professional network	.56 advisors	1.15
Workplace network	.91 advisors	1.15
Private sphere network	2.15 advisors	1.34
Gender female	.40 proportion female	.49
Age	39.9 years	11.8
Education	11.4 years	4.3
Income	2.2	.8
Phase operating	.67 proportion operating	.47
Motive: opportunity	.48 proportion motivated by opp.	.50
Motive: necessity	.27 proportion motivated by nec.	.44
Motive: both opp. and nec.	.12 proportion motivated by both	.33
Motive: in job, seek opp.	.07 proportion seeking better opp.	.25
Motive: other reason	.07 proportion having other reason	.25
Owners	1.8 owners	4.1
Firm-age	6.3 years	10.0
Firm-size	4.5 persons	45.0

176 home countries. This subsample has a high degree of representativeness of the world's diasporic entrepreneurs.

Each analysis of association uses a subsample of entrepreneurs, namely the subsample on which all the analyzed variables are measured. Representativeness of sampling, also of the samples in subsets of countries used for the various analyses of association, implies that the findings can be generalized to the entrepreneurs in the world.

4.2 Measurements

The following first describes the classification of people as first generation migrants, second generation diasporans, and natives (Elo 2015). Then we describe the measurement of the other variables of interest, i.e. life-satisfaction, exporting and networking, and the variables used as controls in multivariate analyses.

4.2.1 Diaspora Status: Natives and First and Second Generation in Diaspora

People are classified as either natives, first generation diasporans, or second generation diasporans. The natives (or indigenous) here refer to those living in the country that they were born in and that also both parents were born in. The first generation diasporans (or migrants) are the people living in a country who were born abroad. The second generation diasporans (or children of migrants) denotes the people living in a country who were born in the country and whose father or mother was born abroad. This classification of people was obtained in the GEM survey when asking where the respondent and each parent were born. This trichotomy of status—native, first generation diaspora, and second generation diaspora—is of course a simplification of a more complex reality, where the trichotomy ignores distinctions among ethnicities within a country, and where several people are at the boundary between categories, e.g. third generation diasporans, children with one native parent and one migrant parent, and children of parents on international assignments. GEM has the advantage of identifying second generation diasporans, whereas other survey merely adopts a dichotomous distinction between natives and migrants. More generally, such simplifications inhere in scholarly inquiry and pervade contemporary political discourse and legislation around the world.

4.2.2 Satisfaction with Life

A person's satisfaction with life was measured with the Satisfaction With Life Scale (SWLS), a scale that is widely used and validated (Pavot and Diener 2008; Powathavee 2008), also in analyses of entrepreneurs (Jensen et al. 2018; Singer

et al. 2015). The respondent was asked for extent of agreement with each of five statements,

In most ways, my life is close to my ideal.

The conditions of my life are excellent.

I am satisfied with my life.

So far I have obtained the important things I want in life.

If I could live my life again, I would not change anything.

For each statement, agreement is measured on a five-point Likert scale. The five variables are positively correlated (with intercorrelations between .35 and .60, and Cronbach alpha .81), so they can be combined, averaged, into an index of life-satisfaction, which is used for the analyses.

4.2.3 Exporting

The entrepreneur was asked about exporting, *What proportion of your customers will normally live outside your country?* Asking about customers, rather than sales, is feasible for starting entrepreneurs. This measure of exporting has been used extensively in numerous GEM studies for more than a dozen years, and recently also for entrepreneurs in the diaspora (Cheraghi and Yaghmaei 2017).

4.2.4 Transnational Networking

The entrepreneur was asked about networking with 20 kinds of people in the private sphere, workplace, professions, market, and the transnational environment (Jensen and Schøtt 2017). Transnational networking was indicated by asking, *Various people may give you advice on your new business. Have you received advice from any of the following? . . . Somebody in another country? Somebody who has come from abroad? . . .* The entrepreneur's extent of transnational networking is coded 2 if advice was received from somebody abroad and also from somebody who has come from abroad, 1 if advised by one of the two, and 0 if advised neither by one nor by the other. This measure has been used extensively in analyses of entrepreneurs' transnational networking (Ashourizadeh et al. 2014; Cheraghi et al. 2014), also in the diaspora (Cheraghi and Yaghmaei 2017; Jensen et al. 2015).

4.2.5 Control Variables

The analyses of effects among diaspora status, transnational networking, exporting and satisfaction should control for circumstances that are related to these phenomena. Related circumstances include demographics such as gender, age, education and income, and also networking in other environments than transnationally, and also

organizational characteristics such as phase of the business, motives for the business, ownership, and age and size of the business (Bosma 2013). These circumstances are measured in the GEM survey as follows.

The entrepreneur's networking in other spheres was reported along with transnational networking; measures used extensively in recent studies (Ashourizadeh et al. 2014; Cheraghi et al. 2014; Jensen and Schøtt 2017; Schøtt et al. 2014).

Market networking is the number of advisors reported out of four: collaborating business, competing business, suppliers, and customers.

Professional sphere networking is the number of advisors of the six: accountant, lawyer, bank, investor, researcher, and business consultant.

Work-place networking is the number of advisors of the four: boss, co-workers, starter, and mentor.

Private sphere networking is the number of advisors of the four: spouse, parents, other family, and friends.

Gender is coded 0 for males and 1 for females.

Age is coded in years, ranging from 18 to 64 years.

Education was indicated by highest level of education completed, and here recoded into years.

Income was indicated by asking for household income; then classifying the responses from each country into thirds, and coding lowest third as 1, middle third as 2, and highest third as 3.

Phase of the business is coded 0 for starting phase and 1 for operating phase.

Motive of the business is reported categorically as either opportunity-motivated, necessity-motivated, motivated by both opportunity and necessity, motivated by seeking opportunity while having a job, or motivated by another reason; for regression analyses the opportunity-motive is the reference and each other motive is coded as a dummy.

Owners refer to number of owners of the business, logged to reduce skew.

Firm-age is number of years since starting, logged to reduce skew.

Firm-size denotes number of persons working for the business, logged to reduce skew.

4.3 Techniques for Analyses

The well-known coupling among networking, exporting and diasporic status is reconfirmed globally, by cross-tabulations. Their effects on life-satisfaction, controlling for other conditions, are tested by linear modeling, with metric coefficients and with standardized coefficients enabling comparisons among effects. The modeling is hierarchical linear modeling which is similar to regression, but is more appropriate by taking into account that the data are hierarchical, with entrepreneurs nested within countries (and also within years of survey), thereby also controlling for country (and year) (Snijders and Bosker 2012).

5 Results

First the sample of entrepreneurs is described, then we analyze the coupling among diasporic status, networking and exporting, and finally we test the hypotheses concerning effects on life-satisfaction.

5.1 *Description of Sample*

For an initial description of the entrepreneurs we use the total sample of 128,457 entrepreneurs surveyed in 92 countries, from which subsamples are used for the analyses. First, the distribution of each variable is described, Table 1.

Being native is of course typical and being diasporan is atypical, but not a rare occurrence. Transnational networking is similarly atypical, but is also not a seldom occurrence. Exporting is also not typical, but also not rare. Exporting, owners, firm-age and firm-size are highly skewed, so they are logged for the analyses.

Further description of the sample is provided by the correlations, Table 2. The correlations among the independent variables of interest, and also the correlations between the control variables and the independent variables of interest, are all seen to be weak or only moderately strong (up to .45), which indicates that there is not any problem of multicollinearity in the analyses.

Satisfaction is correlated positively with being first generation migrant, is uncorrelated with being second generation diasporan, and is correlated negatively with being native. This offers the first evidence for the hypotheses that first generation migrants are most satisfied and natives are least satisfied. Satisfaction also correlates positively with exporting and transnational networking, as also hypothesized. These hypotheses are better tested with appropriate controls for other conditions, in a later section.

Exporting and transnational networking are also seen to correlate negatively with being native, positively with being second generation diasporan, and even more with being first generation migrant, as expected. This coupling is examined further in the following.

5.2 *Coupling Among Diaspora Status, Networking and Exporting*

Transnational networking differs among native and diasporic entrepreneurs, Table 3 (based on 22,197 entrepreneurs surveyed in 35 countries). First generation migrants are networking transnationally more than second generation diasporans, and especially than native entrepreneurs. The association between diasporic status and networking is seen to be moderate, and their coupling is loose rather than tight (Weick

Table 2 Correlations among the variables in the sample

	First generation	Second generation	Native	Satisfaction	Export	Transnational network
First generation						
Second generation	-.05					
Native	-.74	-.64				
Satisfaction	.02	.00	-.01			
Exporting (log)	.11	.06	-.13	.04		
Transnational network	.11	.04	-.11	.07	.26	
Market network	.05	.02	-.06	.03	.18	.36
Professional network	.10	.05	-.11	.09	.22	.45
Workplace network	.08	.03	-.08	.02	.20	.42
Private sphere network	-.01	-.02	.02	-.01	.01	.15
Gender: female	-.02	-.01	.02	-.01	-.08	-.06
Age	.02	.01	-.02	.09	-.02	-.03
Education	.08	.05	-.09	.17	.20	.14
Income	.00	.02	-.02	.18	.11	.10
Phase: operating	.01	.00	.00	.12	-.08	-.09
Motive: opportunity	.00	.01	-.01	.10	.06	.05
Motive: necessity	-.01	-.01	.02	-.11	-.08	-.07
Motive: both op. and n.	.01	.00	.00	-.06	-.02	-.01
Motive: in job, seek op.	.00	-.01	.01	.04	.04	.02
Motive: other reason	.02	.01	-.02	.05	.01	.03
Owners (log)	.06	.02	-.06	.04	.14	.12
Firm-age (log)	-.04	-.01	.04	.04	-.08	-.09
Firm-size (log)	.02	.02	-.03	.09	.14	.05

Table 3 Transnational networking, by native and first and second generation diasporic entrepreneurs

	Native entrepreneurs	First generation	Second generation
No transnational advisor	85%	66%	76%
One transnational advisor	8%	19%	13%
Two transnational advisors	7%	15%	11%
Sum	100%	100%	100%
N entrepreneurs	20,627	811	759

Table 4 Exporting, by native and first and second generation diasporic entrepreneurs

	Native entrepreneurs	First generation	Second generation
No customers abroad	60%	39%	43%
1–10% of customers abroad	22%	27%	30%
11–25% of customers abroad	5%	8%	7%
26–50% of customers abroad	4%	8%	6%
51–75% of customers abroad	3%	8%	6%
76–90% of customers abroad	2%	4%	3%
91–100% of customers abroad	3%	7%	5%
Sum	100%	100%	100%
N entrepreneurs	45,599	2587	1972

Table 5 Exporting, according to transnational network around entrepreneurs

	No transnational advisor	One transnational advisor	Two transnational advisors
No customers abroad	71%	45%	36%
1–10% of customers abroad	17%	25%	25%
11–25% of customers abroad	4%	9%	11%
26–50% of customers abroad	3%	7%	10%
51–75% of customers abroad	2%	6%	8%
76–90% of customers abroad	1%	3%	4%
91–100% of customers abroad	1%	4%	20%
Sum	100%	100%	100%
N entrepreneurs	57,821	5143	4318

1976). This loose coupling between diaspora status and networking also holds when controlling for other conditions, as shown in a detailed global study by Jensen and colleagues (Jensen et al. 2015).

Exporting also differs among native and diasporic entrepreneurs, Table 4 (based on 50,158 entrepreneurs surveyed in 70 countries). First generation migrant entrepreneurs are exporting more than second generation diasporic entrepreneurs, and especially more than native entrepreneurs. The association between diasporic status and exporting is seen to be moderate, and their coupling is loose rather than strong. This loose coupling between diasporic status and exporting also holds when controlling for other conditions, as shown in a detailed global study by Ashourizadeh and colleagues (Ashourizadeh et al. 2015).

Exporting is related to transnational networking, Table 5 (based on 67,282 entrepreneurs surveyed in 72 countries). The more entrepreneurs are networking transnationally, the more they tend to be exporting. The association between transnational networking

and exporting is seen to be moderate, and it is not a strong coupling. This loose coupling between transnational networking and exporting also holds when controlling for other conditions, as shown in a detailed study by Ashourizadeh et al. (2014).

In short, the above analyses reconfirm the loose coupling among diasporic status, transnational networking, and exporting. Our research question is how these coupled conditions shape entrepreneurs' satisfaction with life.

5.3 Satisfaction Affected by Diaspora Status, Networking and Exporting

Effects upon entrepreneurs' life-satisfaction are ascertained by coefficients in a linear model, Table 6, a hierarchical linear modeling with entrepreneurs nested within combinations of country and year, as was described above. We use three models, each with its advantages. Model 1 is based on both diasporans and natives, and is especially informative for comparisons between diasporans and natives. Model 2 ignores the distinction between diasporans and natives, and can thereby take advantage of a larger sample for a more powerful test of the effect of exporting. Model 3 is based on the diasporans only, and is especially informative for comparison between first generation and second generation diasporans. The models are used for testing the hypotheses as follows.

The first hypothesis, H1a, is that the first generation migrant entrepreneurs are more satisfied than the native entrepreneurs. This is tested in the first model by the coefficient for the dummy contrasting first generation to natives, which is positive and significant. Being first generation migrant entrepreneur, contrasted native entrepreneur, affects life-satisfaction positively. This supports hypothesis H1a.

Hypothesis H1b, that also the second generation diasporic entrepreneurs are more satisfied than the native entrepreneurs, is tested in the first model by the coefficient for the dummy contrasting second generation to natives, which is positive and significant. Being second generation diasporic entrepreneur, contrasted native entrepreneur, affects life-satisfaction positively. This supports hypothesis H1b.

The hypothesis that the first generation is more satisfied than the second generation, H1c, is tested in the last model in Table 6. The coefficient for the generational effect is positive, supporting H1c. Thus the first generation is more satisfied than the second generation.

The hypothesis that transnational networking promotes life-satisfaction, H2, is tested in the first model in Table 6 (and also in the last model). The effect is positive, supporting the hypothesis that transnational networking benefits satisfaction.

The hypothesis that also exporting promotes satisfaction, H3, is also tested in the first model in Table 6. The effect is not statistically discernible in this sample. This calls for further testing. A further test is performed by a larger sample obtained by dropping the variables for diasporic status and networking, which were measured in only some countries. This yields a sample of entrepreneurs from a much larger set of

Table 6 Satisfaction affected by diasporic status, exporting, and networking

Satisfaction	Model 1	Model 2	Model 3
	First and second generation contrasted natives	Ignoring diasporic status and networks	First generation contrasted second generation
Diasporic status: natives	(reference)		
Diasporic status: first generation	.221**		.230**
Diasporic status: second generation	.124*		(reference)
Exporting (log)	.004	.006*	-.016
Transnational network	.096***		.135**
Market network	-.029		-.031
Professional network	.039**		.002
Workplace network	-.014		.024
Private sphere network	.004		.011
Gender: female	.035	.055***	-.083
Age	.003**	.002***	.008
Education	.023***	.002*	.038**
Income	.056**	.131***	.199**
Phase: operating	-.012	-.002	-.011
Motive: necessity	-.268***	-.234***	-.165
Motive: both necessity and opportunity	-.172***	-.178***	-.118
Motive: in job, seeking opportunity	-.084	-.038*	.008
Motive: other reason	-.194**	.006	.130
Owners (log)	-.011	-.019**	.093
Firm-age (log)	.036*	.017***	-.072
Firm-size (log)	.069**	.062***	.097
Intercept	3.331***	3.474***	3.415***
Country × year	Yes	Yes	Yes
N entrepreneurs	4734	37,711	307
N country × year combinations	15	72	15
N countries	15	71	15
N years	1	2	1

Hierarchical linear models. For diaspora status in model 1, the reference is the natives, with dummy for each generation. For diaspora status in model 3, the reference is the second generation, dummy for first generation. For motive, the reference is opportunity-motive. Each independent variable is centered within each country

*p < .10, **p < .05, ***p < .01

countries, now 71 countries instead of only 15 countries in the first model. This sample is analyzed in the second model in Table 6. The coefficient for exporting is positive and significant. This lends support for H3, that exporting benefits life-satisfaction. As pointed out when specifying the hypothesis, the satisfaction deriving from exporting is interpreted as deriving partly from the fulfillment of the human need for relatedness. Conceivably, the need for relatedness may be fulfilled especially much when the exporting is to the home country. This is an interesting hypothesis for future research.

6 Conclusions

This concluding section summarizes findings, pinpoints contributions, and suggests further research.

6.1 Summary of Findings

Analyses reconfirm, globally, the well-known coupling among diasporic status, transnational networking and exporting, in that entrepreneurs in the diaspora are networking transnationally more than native entrepreneurs, and are exporting more than natives, and that networking promotes exporting. As was hypothesized, entrepreneurs in the first generation diaspora have higher life-satisfaction than those in second generation diaspora, and native entrepreneurs have the lowest life-satisfaction. As was also hypothesized, life-satisfaction is promoted by exporting and by transnational networking.

6.2 Contributions

The study contributes to understanding how life-satisfaction of entrepreneurs is shaped by diasporic status and by transnational networking and exporting, with global generalizability. The image of diasporans, and especially of first generation diasporans, as miserable people, is here shown to be a false image for the entrepreneurs. Indeed, diasporic entrepreneurs, and especially first generation migrant entrepreneurs, are comparatively satisfied with their lives. As discussed when developing the hypotheses, these diasporic entrepreneurs in surviving businesses are successful, especially in the face of their dire necessity to make a living, which is particularly difficult for migrants. Conceivably, and more generally, necessity entrepreneurs may become especially satisfied if they succeed.

More generally, this study contributes to understanding how entrepreneurship in the diaspora benefits in a non-economic way from networking and international business.

A limitation, however, is that, although we find that life-satisfaction benefit from diasporic status, transnational networking and international business, this does not reveal the mechanisms by which these conditions lead to satisfaction. The second generation diasporic entrepreneurs are undoubtedly, like natives, often inheriting businesses from their parents, the first generation diasporic entrepreneurs, and carry on a tradition within their family, and may as successful entrepreneurs fulfill their parents' dream. As briefly discussed, the mechanisms can expectedly be interpreted by applying the theory of self-determination, which posits fulfilment of basic human needs for relatedness, competence and autonomy as benefiting well-being and satisfaction (Ryan and Deci 2000).

6.3 *Further Research*

Classical main-stream research on migrant entrepreneurship, and most notably that by Portes, focused on economic conditions, adaptation, integration and performance. That tradition has here been carried a step forward by turning the focus from outcome in the form of economic well-being to outcome in the form of non-economic well-being, specifically satisfaction with life. Indeed, life-satisfaction may be considered an ultimate outcome of entrepreneurial endeavors. Other non-economic outcomes are job-satisfaction and satisfaction with the balance between work and family. These aspects of satisfaction may be especially interesting research topics in the contexts of diasporic status, networks, and international business. We therefore suggest that future research examines how native and diasporic entrepreneurs' networks and international business shape job-satisfaction and satisfaction with the balance between work and family.

More broadly, finding that diasporic entrepreneurs are satisfied, when compared to native entrepreneurs, calls for deeper investigation of the sources of this satisfaction, such as autonomy on the labor market, competence as expressed in exporting, and relatedness through transnational networks with their home-society, thus both drawing on and testing the theory of self-determination (Ryan and Deci 2000).

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Socialising to Entrepreneurship: Issues in Diaspora Entrepreneurship and Multiculturalism in the UK



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Abstract This chapter connects culture and multiculturalism through a case study illustration to demonstrate the emergence of diaspora entrepreneurship in partying events among a black African group in the UK. The economic and social values of ethnic socio-cultural events are examined at the micro (individual), meso (group), and macro (society) levels. Whilst the individual and the society reap the benefit of the economic value in forms of economic empowerment and job creation, the group benefits from the social value in form of social bonding. However, there is the potentiality of events' social impact contributing to the failure of multiculturalism (as espoused by the government). Hence, the perceived failure of multiculturalism in the UK found economic justifications in this genre of derived diaspora entrepreneurship.

1 Introduction

Research in tourism and events literature have highlighted both the economic value (e.g. Daniels and Norman 2003) and the social value (e.g. Kim and Uysal 2003). In this chapter, the economic value of events is analysed through the template of diaspora entrepreneurship stressing the potentiality of job creation in the society and the economic empowerment of individual ethnic entrepreneurs. Likewise, the social value of events is interrogated from the perspective that both organisers of events (Kim and Uysal 2003) and the inhabitants of host and neighbouring communities (Kim et al. 2006) are potentially affected (either positively or negatively). Whilst events' positive impact could be seen in the camaraderie engendered in the group, the negative impact could be implicated in the erosion of the multiculturalism precept as conceived in a plural society.

The erstwhile enthusiasm of multiculturalism [“defined as a programme for giving recognition to ethno-religious groups and their cultures” (Heath and

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Demireva 2014: 161]) as the harbinger of inclusiveness and tolerance in the UK has gradually fizzled—to be replaced by scepticism. Presently, the general consensus (at least among the Politicians) is that multiculturalism has failed (e.g. Siebold 2010; BBC 2011). This perceived failure has been linked to ethnic groups' inability to imbibe the 'British values' sufficiently, but rather cling to their own 'ethnic values'. For examples, the intolerance of practices such as homosexuality; the deep commitments to religious beliefs that place women in a subordinate position; or the perpetuation of ethnic groups' religious values through the establishment of their own education system. Hence, 'multiculturalism may then become separatist' (Pécoud 2002: 505) given that it facilitates the segregation of communities and works against the development of a single set of basic values that could bind citizens of the British society together.

Essentially, the chapter's main objective is to review the link between ethnic socio-cultural activities/events and the failure of multiculturalism in the UK as claimed by the British Politicians. The subject of entrepreneurship is chosen to interrogate the concept of multiculturalism in a British society that is increasingly becoming plural (i.e. super-diversity à la Vertovec 2006). This seems appropriate within the perspective that the economic logic is the only value that transcends the differences between groups in a plural society (Furnivall 1939). Therefore, this chapter is an endeavour to examine the metamorphosis of diaspora entrepreneurship at the intersection of ethnic culture. Since the UK, like some other European countries adopted multiculturalism as a state policy (e.g. the funding of bilingual education or mother-tongue instruction; permitting dual citizenship), a new genre of ethnic/diaspora entrepreneurship has taken hold in the ethnic enclaves (e.g. Ojo 2013). Ethnic enclave refers to a geographic space with high ethnic residential and economic concentration (Xie and Gough 2011).

Furthermore, this chapter proposes that ethnic groups in a multicultural society could develop distinctive entrepreneurship cultures, based on the special demands of their products and services. The socio-cultural behaviours of the Nigerian ethnic group in the multicultural UK, which seemingly promote diaspora entrepreneurship within ethnic groups come into sharp focus in this paper. Culture-induced entrepreneurship attests to the fact that entrepreneurship identity is not fixed in space (Hytti 2005), and since entrepreneurship is deemed to be a boundary-less career contextually (Kanter 1989); individuals are responsible for deciding their own routes (Svejenova 2005). In exploring the impact of this form of diaspora entrepreneurship and its bearing on the notion of multiculturalism, the chapter is, thus, joining the debates on multiculturalism in the western societies. In the past, similar studies had drawn attention to the issues of diaspora/ethnic entrepreneurship and multiculturalism (e.g. Pécoud 2002; Sahin et al. 2007). A number of researchers also focus on the spatiality and geography of entrepreneurship (e.g. Steyaert and Katz 2004; Ekinsmyth 2011) while recognising the importance of an entrepreneurship "organising context" (Johannisson 2011). This organising context emerges "as a refuge for reproduced local values and behavioural patterns and also as a translator of external influences into refined local knowledge and practices" (Johannisson 2011: 143). Therefore, this study is conducted within the

Nigerian social-cultural organising context in which many entrepreneurial activities are located.

The term diaspora entrepreneurship is preferred over ethnic entrepreneurship in this chapter. This is in order to tap into the descriptions of authors who refer to diaspora entrepreneurship as business activities conducted by the diaspora populations residing in the host countries (e.g. Ojo 2013; Harima 2014), and others who introduced the element of attachment to the country of origin. For example, Newland and Tanaka (2010) ascribe diaspora entrepreneurship to immigrants in the countries of residence who are defined by their countries of origin as they have a political and economic connection in two or more countries. As there is very little relevant literature, an analysis of a particular party event that depicts the general social events' circuits among an ethnic group will form a valuable and substantive part of this chapter particularly.

The paper is arranged such that the two major concepts that define this chapter (i.e. entrepreneurship and multiculturalism) are firstly treated separately in subsections, and then conflate at the discussion and conclusion sections in order to explore a fundamental question: How do the dynamics of culture, identity, space, emotions, and ethnicity—interact to shape (or be shaped by) entrepreneurial activities? To restate; to what extent does the culture of the country of origin brings opportunities for the diaspora entrepreneurs, or could have hampered integration in a diverse society? Hence, this chapter is steered towards the appreciation of the 'added value of cultural differences' (Sahin et al. 2007: 41) and/or highlights the often-observed consequences of immigrants' self-employment on integration (Pécoud 2002).

2 Conceptual Formulation

2.1 *Entrepreneurship*

The literature on the entrepreneurship and entrepreneurial growth of the self-employed and other contingent workers such as the 'shop-less' and temporary self-employed, for instance, street vendors, domestic workers, home-based workers, and day labourers are thin (Valenzuela 2000). This class of entrepreneurs are expediently consigned to the informal economy literature due partly to been operating outside the formal sector and also because little is known about their activities (Ojo et al. 2013a). Hence, the disadvantage theory of entrepreneurship (Volery 2007) offers added podium for analysis of this class. Disadvantage theory of entrepreneurship affirms that members of disadvantaged groups (e.g. ethnic minorities) must sometimes choose between unemployment and self-employment in marginal entrepreneurial activities. They become survivalist entrepreneurs when they choose the latter in a desperate response to finding an independent source of livelihood (Ranyane 2015).

In the pursuit of the source of income activities, the ethnic minority and indigenous entrepreneurs rely on family relationships, cultural networks of shared language, and social capital (Light and Dana 2013). Many studies (e.g. Cahn 2008; Mustafa and

Chen 2010; Slotte-Kock and Coviello 2010; Light and Dana 2013) have investigated this reliance to demonstrate the role of social and cultural factors in describing the nature of the enterprise activity itself, and in shaping governance and management engagements. Associations in a community are likely to create more business opportunities and linkages (Putnam 1993a; Light and Dana 2013). Social networks equip diaspora/ethnic entrepreneurs with a potential comparative advantage in the undertaking of a new economic activity (Ojo et al. 2013b) through the provision of flexible and efficiency possibilities for the recruitment of personnel and the acquisition of capital easily borrowed from unofficial sources. The social network also facilitates the employment of ethnic labour in an informal way of doing business and exchanging information through the mutual trust that exists within the network (Lassalle and McElwee 2016; Elo and Vemuri 2016). The networks can further be used to build a major bridge into mainstream business expansion. Consequently, socio-cultural bonds seem to generate a more than ordinary loyalty between the ethnic diaspora businesses and their clients, and, ethnic culture appears to produce exclusive customer relationships (Altinay et al. 2014).

2.2 *Multiculturalism*

Multiculturalism is the promotion of multiple cultures, directed to the demographic make-up of a country or place. In essence, multiculturalism equates appreciation of ethnic diversity in the society (Dictionary.com). Multiculturalism as “cultural mosaic” is often compared with the notions of assimilation and social integration and as such described as a “salad bowl” rather than a “melting pot” (Burgess and Burgess 2005: 31). Heywood (2007) classifies multiculturalism into two distinct forms; descriptive and normative, both have been used in a variety of ways. As a descriptive expression, it has been employed to depict cultural diversity, and as a normative term to entail a positive embracement of communal diversity, “typically based on either the right of different groups to respect and recognition, or to the alleged benefits to the larger society of moral and cultural diversity” (Heywood 2007: 313).

Uslaner (2002) submission that ‘generalised trust’ (the idea that most people can be trusted) corresponding to having faith in strangers who are prone to be different from ourselves is derived from diversity. This type of trust is the sort described by Putnam (1993b: 93) as “bridging” rather than “bonding” social capital. Hence, in multiculturalism there is diversity, and in diversity, there is tolerance contrived from the trust of other ethnic groups, and Gurin et al. (2004) also point to the greater problem-solving capacities fostered by diversity. Furthermore, advocates perceive multiculturalism as an unbiased system that permits people to truly articulate themselves in a society that is more tolerant and adapts better to social issues (Lerman 2010). The opinion was also expressed as to the benefit of multiculturalism in its employment of multiple disciplines to draw attention to neglected facets of society’s social history, especially that of women and minorities, thus given voice to

the voiceless (Trotman 2002). Modood (2007: 14) contends that more and not less multiculturalism is needed in the twenty-first century as it is a potent, pragmatic “form of integration” that best fits the ideal of egalitarianism.

Conversely, the literature is replete with the consensus that diversity drives down trust; people residing in areas with diverse populations are less likely to trust others and they have heterogeneous social networks (various sources quoted in Uslander 2010). Furthermore, Key (1949) assertion that diversity is negatively related to trust is reinforced by the claim that diversity breeds the aversion to interaction with people of different backgrounds (Alesina and LaFerrara 2000). The belief that immigrants in most parts of Europe do not blend; instead they kept their language, religion and most of their cultural habits, creating their own parallel societies (Kalin 2010) seem to support the claim. Earlier criticism of multiculturalism includes Putnam’s (2007) argument that the effect of diversity is dire than had been imagined. Through the contention that the more racially diverse a community is; the greater the loss of trust, Putnam was reported to have found that multiculturalism affects social trust (Sailer 2007). This viewpoint resonates with the former French President (Sarkozy), who affirmed that his country would not tolerate “a society where communities coexist side by side. If you come to France, you accept to melt into a single community, which is the national community, and if you do not want to accept that, you cannot be welcome” (Hollinger 2011). Similarly, the UK’s Equality and Human Rights Commission also argued that multiculturalism was a failed government policy and that segregation was prevalent in Britain. Accordingly, Finney and Simpson (2009: 77) proclaim that “separation feeds a dangerous tribalisation of communities”.

2.3 Multiculturalism in the UK

Following the changes in immigration, especially after the World War II, the UK has experienced a number of waves of immigration from all over the world (Batten 2007). The country has become a more diverse and multicultural society (ONS 2005), with a concentration of large ethnic groups at urban and metropolitan centres (Brimicombe 2007). The UK has peoples of the world represented in its population mix (see Table 1 for % of ethnic population) and, thus, most cities in the country have assumed a cosmopolitan blend that reflects the potpourri of their ethnic compositions. Some parts of big cities have also become enclaves harbouring ethnic minorities that live a largely separate existence from the mainstream, hardly having little or no contact with the indigenous population (Uslander 2010). The instance of UK’s support for multiculturalism could be derived from Cameron’s (former British Prime Minister) inference that “state multiculturalism” as “the idea that we should respect different cultures within Britain to the point of allowing them—indeed encouraging them—to live separate lives, apart from each other and apart from the mainstream” (Sparrow 2008).

Residential segregation is also a form of enclaves that materialises as a component of the outcomes of multiculturalism, which has both positive and negative

Table 1 Ethnic groups—2011 census data

Ethnic group	Population (2011)	Percentage of total population
White: total	55,010,359	87.1
Gypsy/traveller/ Irish traveller: total	63,193	0.1
Asian or Asian British: Indian	1,451,862	2.3
Asian or Asian British: Pakistani	1,174,983	1.9
Asian or Asian British: Bangladeshi	451,529	0.7
Asian or Asian British: Chinese	433,150	0.7
Asian or Asian British: Other Asian	861,815	1.4
Asian or Asian British: total	4,373,339	6.9
Black or Black British: total	1,904,684	3.0
mixed or multiple: total	1,250,229	2.0
Other ethnic group: total	580,374	0.9
Total	63,182,178	100

Source: ONS (2012)

impact on social processes. Positively, it might permit ethnic minorities to preserve their social cohesion by way of social networking. But on the other hand, it could hamper assimilation through the imposition of bigoted and exclusionary practices on minorities resulting in profound deprivation. In this light, pluralism has become emblematic of sustained disadvantage for ethnic minority groups (Johnston et al. 2002). Nevertheless, in the face of indications of inequalities confronted by minority communities in the UK, some ethnic groups are benefiting from a degree of residential segregation (particularly in London). Strong ties among individuals are formed in these enclaves, which consist of an interdependent network of social-cultural relationships that promote enterprises (Portes and Bach 1985). In effect, living in enclaves might be good for ethnic entrepreneurial ventures (Waldinger et al. 1990) but can be inimical to integration (Uslaner 2010). Hence, breaking out of enclave market (Bonacich 1973), aside from enhancing growth potentials, also facilitates the integration of ethnic groups which reduces tension in the modern multi-cultural cities.

Nevertheless, Mitchell (2004) contends that state-sponsored multiculturalism has failed, a sentiment echoed, not only by the UK's Premier but also by the German Chancellor, Angela Merkel and some other European leaders (Connolly 2010). This is particularly worrisome, more so, in this era of refugee problems confronting Europe from some troubled zones of the world. Discourse has now revolved around the collapse of multiculturalism as a policy of the state in most European nations. It is therefore argued that the failure of multiculturalism in the UK could be explained within the framework of the socio-economic configuration of the society as manifested by the 'push factors' that engendered diverse ethnic entrepreneurial activities in the arena of the socio-cultural dimension of an ethnic group.

Taken together, the theme of social capital, albeit of different kinds, seems to be the main component in the analysis of the concepts of entrepreneurship and multi-culturalism. Whilst the 'bonding' social capital variety is more prominent for

entrepreneurship as analysed, the ‘bridging’ social capital type is key for multiculturalism. Invariably, diaspora/ethnic entrepreneurship is driven by the social capital and mutual trust created within groups’ social networks, and multiculturalism thrives when groups connect (i.e. build bridge) with one another in the society.

Hereafter, to frame the argument that multiculturalism has failed in the UK, the contextual analysis in the next section focuses on the Nigerian diaspora in the UK; drilling from the concept of diaspora and transnational orientation down to their residential distribution in London (as exemplar).

3 Contextual Analysis

The main idea in this section is to focus on the entrepreneurial activities in the social gatherings of Nigerian ethnic group in the UK. Nigerians have a sizable population both in the UK and the global diaspora. Official data suggest that the community is the largest of the Sub-Saharan African groups in the UK (Pears 2012), and it is estimated that more than 1 in 10 Nigerians live abroad (Singer 2002). Their substantial number enables a vibrant ethnic market and enclaves in the UK (Ojo 2013). Table 2 shows their population distribution across the UK, however, the actual figure could be far more than the official records as certain categories (e.g. illegal immigrants) are excluded. For instance, a Council of Europe (2009) Report advised that official figure should be multiplied by between 3 and 8 to reflect the true size of the Nigerian community in the UK.

Fundamentally, the influence of socio-cultural factors on the gestation and development of entrepreneurial ventures among the Nigerian ethnic groups in the UK reaffirms the importance of conceptualising entrepreneurship as a societal phenomenon (Granovetter 1985; Steyaert 2007). The connection between socio-cultural

Table 2 Nigerian-born population (2011)

Location	Population
East Midlands	6601
East of England	15,557
London	114,718
North East England	2768
North West England	13,903
South East England	16,273
South West England	3941
West Midlands	8628
Yorkshire and the Humber	6301
Northern Ireland	543
Scotland	9458
Wales	2493

Sources: ONS (2012), National Records of Scotland (2012), Northern Ireland Statistics and Research Agency (2012)

factors and entrepreneurial activity has been analysed in some research (e.g., Steyaert and Katz 2004; Hayton et al. 2002; Thornton 1999; Aldrich and Zimmer 1986; Granovetter 1985), with the assumption of the embeddedness of entrepreneurship in the social context. Consequently, the suggestion that entrepreneurship is a societal phenomenon rather than simply an economic activity is peddled (Steyaert 2007). Authors such as Downing (2005), Steyaert (2007), Thornton (1999) and Urbano (2006) have stressed the importance of researching the links of entrepreneurship to socio-cultural factors more than the economic aspects. Accordingly, it is within this background that the motivation for entrepreneurship is examined.

3.1 The Nigerian Diaspora in the UK

The notion of diaspora signifies an attempt to examine the socio-cultural dynamics of transnational movements by studying, aside from the foreign communities established by immigrants, but significantly on the enduring relations of these communities with their homeland (Ember et al. 2004). Foner (2003) confirms the bifocal nature of transnational's views of the worlds they reside in, claiming that migrants recognise more than one locale as part of their lives, adjusting to the unique set of circumstances in their environment. The multi-local nature of transnational migrants who are not permanently fixed anywhere as they are in a situation of having to react to loyalties, desires and agencies that cross multiple worlds is best expressed by the cliché "Neither here nor there" (Rouse 1992). This aptly describes many Nigerians in the UK who replicate their country of origin's socio-cultural behaviours and activities as much as they possibly could in the UK such that the axiom 'simultaneously here and elsewhere' (Clifford 1992: 3) seems to be valid for them.

Yet, as immigrants evolve from "sojourners" to "settlers," their sense of belonging does not necessarily shift from one community to another (Cornelius 1992). Appadurai's (1996) imagination of a response to the changing social, territorial, and cultural reproduction of identity as groups migrate to new locations, recreate their histories, and reconfigure their ethnic projects is justified. This imagination informed the opportunity to study a special diaspora/ethnic entrepreneurship stimulated by socio-cultural traditions via the channel of social capital and network among Nigerian ethnic entrepreneurs in the UK. A case study is presented below to expose the sort of entrepreneurial activities stimulated in this group's socio-cultural platform.

4 Methodology

Case study methodology is employed to illustrate the potential utility of the narratives that ethnic socio-cultural events enabled in a multicultural society such as the UK. In adopting this methodology, there is a recognition of the need to gain an in-depth understanding of enterprise activities in an ethnic group's socio-cultural

events. Dana and Dana (2005) advocate the use of case study methodology to gain a holistic understanding of the entrepreneurial process and the important aspects of entrepreneurship's cultural environment. However, due to this paper's exploratory nature, direct observation is utilised at this stage of the study. It is argued that direct observation is "the fundamental base of all research methods" (Adler and Adler 1994: 389). In this study, direct observation helps in investigating the operations of the research subjects in their natural settings in order to situate their conducts and expressions in their proper context. This enables the capture of the crucial flow of subjects' routine experience, recognition of patterns, trends, and categories during the fieldwork. The research subjects' activities were watched, and logs were taken on issues of work forms, adaptability, conduct, and general deportment. External validity was enhanced through situation sampling (Shaughnessy et al. 2012), which includes watching actions in more than one location in different situations and events.

4.1 Case Study

Chief Alamu's (not real name) birthday/chieftaincy title celebration was the talk of the town among the Nigerian socialite circle in London for months. The lavish celebration took 3 months to plan and an estimated £45,000.00 was expended. That amount may seem meagre to some but to many of the guests, most of who earn less than that annually, it was a huge sum of money. The celebrant and family (wife and three children) were resplendent in the latest fad of expensive dresses and matching accessories designed by some Nigerian tailors/designers that ply their trade in the UK. Friends and relatives also wore colourful uniform attire called '*Aso-ebi*' with the men's expansive, parachute-like '*agbada*' (flown gown), and the women's head-gears of different designs, shapes and sizes, all creatively embellished and worn with accustomed grace (Abati 2011).

Many varieties of foods and assorted drinks were served aplenty by the specially contracted caterers, with several guests taken surplus foods and drinks home at the end of the party. The party hall, one of the numerous halls for hire owned by some Nigerians business people, was sumptuously decorated and big enough for the over 500 people that came to rejoice and celebrate with the celebrant. A popular London-based musician was at the bandstand dishing out melodious Nigerian traditional songs and music to which celebrant and guests gyrated to the pulsating rhythm.

Typical of the Nigerian party scenes, scores of guests were 'spraying' the celebrant with money notes (one dollar bill being the minimum common denominator). Money-changers were at hand to convert pound notes to one dollar notes at the party rate of one-to-one (i.e. one pound for one dollar note). The rationale is the etiquette of pasting money notes (and not coins) in the form of 'spraying' on people when on the dance floor. Amidst all this, photographers/video recording agents were busy snapping and recording away, capturing significant moments for posterity. The professional Master of Ceremony (MC) expertly spaced the order of events to

accommodate the ‘Ewi’ exponent (‘Ewi’ is a neo-traditional chanted poetry and the exponent is the poet praise singer, usually contracted to perform at parties during musical intervals), and eulogies from well-wishers. Gifts, souvenirs, mementoes were distributed by the celebrant’s wife and close relatives to guests towards the end of the party.

Subsequently, the following subsection attempts to elucidate the scenario described above within the context of Nigerian’s culture.

4.2 Nigerian Culture: The Custom of ‘Aso-ebi’

The contemporaneous existence of social events and celebrations was organic to the integration and bonding of domestic and social life of Nigerians. Seasonal celebrations such as the New Yam festivals, Masquerade carnivals, Town’s day fiestas, etc. have become woven into symbolisms and metaphors within song and dance, conflating with various other rites of social relationships such as child-naming, weddings, funerals, house-warming, kingship rites, etc. to brand and shape the repertoire of the Nigerian society’s social-cultural identity (Ojo 2013). Wining and dining are central in the rituals of most ethnic groups in Nigeria. Ceremonies are incomplete without participants eating and drinking; it’s deemed rude not to provide meals at special events such as a marriage or a naming ceremony (www.everyculture.com).

A particular custom/practice that features prominently in most social events within the group is the ‘Aso-ebi’. The concept of ‘Aso-ebi’ derived from uniformity in dressing by family, relatives, friends and guests at social events to show symbolic solidarity for celebrants. Literally, it means clothes of the family; the use of ‘Aso-ebi’ is a Yoruba custom dating back to many centuries (Olanrewaju 2011). ‘Aso-ebi’ is worn at burial ceremonies, wedding ceremonies, naming ceremonies, freedom and graduation ceremonies, birthday bashes, chieftaincy ceremonies, house-warming ceremonies and all sorts of ceremonies. As attested to by Abati (2011) an average couple on a typical weekend could be invited to multiple parties, with different ‘Aso ebis’. Shindigs remain incomplete without attendees adorning at least one uniformed type of apparel. The issue of ‘Aso-ebi’ is now vital in the planning process of any celebration (Ololade 2010).

Wearing ‘Aso-ebi’ distinguishes a group of people, for example, at a wedding event the bride’s friends and relatives might wear different apparels from the groom’s family and friends (Urban Dictionary). Typically during social events, the various fabrics for the ‘Aso-ebi’ are decided by the celebrants/organisers and are then make known to all the guests months in advance so they can prepare their outfits (Abati 2011). Guests are generally expected to buy the ‘Aso-ebi’ from the celebrants/organisers, although sometimes close friends and family members and certain prominent individuals may be offered the ‘Aso-ebi’ as a gift (Urban Dictionary; Ololade 2010; Olanrewaju 2011; Abati 2011). The pursuit of obtaining the sometimes expensive party apparel often assumes desperation of epic proportion as some people borrow to purchase ‘Aso-ebi’. Albeit some people believed attendance of some social

occasions would greatly improve their networking capabilities with the attendant future rewards. Technically, nobody is forced to buy 'Aso-ebi', but many-a-times people who decline, probably due to personal conviction or lack of wherewithal, to be part of the vogue for 'Aso-ebi' are subjected to the butt of spiteful aspersions and innuendoes (Ololade 2010).

A special economy has developed around the 'aso-ebi', for example, the celebrant inflates the cost of the material and guests are expected to oblige. Many organisers of parties nowadays use the occasions for raising fund by meticulously designing events to generate profit (Abati 2011). There are instances where people who do not appear in 'Aso-ebi' are treated differently by party celebrants/organisers. They may be discriminated against by not been served the same food or given gift items as people who bought and appear in 'Aso-ebi' (Ololade 2010; Abati 2011; Olanrewaju 2011). Essentially, the sale of 'Aso-ebi' is routinely employed by some celebrants to raise money for their events and celebrations (Ololade 2010). The custom helps the celebrants/organisers to mitigate the cost effects of the party. The celebrants/organisers inflate the cost of the fabric and sell to friends and well-wishers at about 50% inflation prices so as to recoup most of their expenses on the party. In appreciation, the celebrants distribute token gifts such as mugs, T-shirts, plates, buckets, towels, face towels, plastic bowls, jotters, biros, key-holders, copies of the Holy Bible, nylons, bags and a host of other souvenirs at the parties. This practice sometimes prompts others to also look for opportunities to host parties and sell 'Aso-ebi' in order to recoup earlier "investments" (Ololade 2010).

The predominance of Aso-ebi at various national events in Nigeria (and abroad) is a confirmation that it has transcended the Yoruba community and become embedded in the Nigerian national culture (Ololade 2010; Olanrewaju 2011; Abati 2011). Among the Igbo people, the 'Aso-ebi' culture is popularly called '*Akpujo*', and is also gaining ground among the Hausa people in the Northern part of Nigeria where it is called '*Yaye*' (Olanrewaju 2011). In essence, the custom/practice of 'Aso-ebi', not only fits neatly into the 'bonding' social capital framework, highlights the role of entrepreneurs as keepers of tradition and reveals unorthodox entrepreneurship. Other entrepreneurial engagements in events are described below.

5 Entrepreneurial Formations and Diaspora Connections

A closer look at the event (and similar ones) described in the case study above exposes the prevalence of multi entrepreneurial activities in a traditional socio-cultural space. That is, entrepreneurs are involved in a mosaic of conventional and unconventional entrepreneurial activities embedded in their communal social activities (see Table 3).

An array of entrepreneurs is always at work at any social celebration/event in the UK to earn their livelihood. Starting from the halls (or marquees) use as venues; some Nigerian entrepreneurs and religious organisations hire or sublet their buildings for social gatherings such as parties, club meetings, church service rentals,

Table 3 Events' entrepreneurship observation

Entrepreneur	Enterprise	Entrepreneurship type	Non-ethnic linkage	Diaspora linkage	Gender
Hall-Hirer	Venue rental	Conventional	Link	Detectable	Male
Caterer	Food catering	Conventional	No link	Detectable	Female
Musician	Music performer	Conventional	No link	Detectable	Male
Disc jockey	Supplying music	Conventional	No link	Detectable	Male
Photographer	Taking pictures	Conventional	Probable	Undetectable	Female
Videographer	Video recording	Conventional	Probable	Undetectable	Male
Hall decorator	Venue styling	Conventional	Probable	Detectable	Female
Money changer	Currency exchange	Unconventional	No link	Undetectable	Male
Headgear tier	Headwear wrapping	Unconventional	No link	Detectable	Female
'Ewi' exponent	Oral poetry rendition	Unconventional	No link	Detectable	Male
Tailor/designer	Dress making	Conventional	No link	Detectable	Female

Source: research fieldwork

Town-hall meetings and so on. The size, location and amenities determine the rental price (can be as high as £15,000.00/occasion). Many halls advertised to and take bookings from Nigeria for people who want to organise parties and events in the UK (including graduation and wedding ceremonies for wards). Some nouveau riche regularly come to the UK to organise parties/events (e.g. Jarvis 2015). A category of entrepreneurs specialises in hall decoration; they adorn party venues with balloons, posters, and pictures to the taste and requirements of the organisers. Motifs and beautifying items are also brought from Nigeria to complement decoration materials.

Another visible entrepreneurial endeavour at parties is the catering service, as caterers supply foods and drinks. This genre now consists of a number of corporate firms that, aside from supplying foods and drinks, provide personnel's as ushers, attendants, and security services during events. Their charges depend on number, quality, and provisions. But on the average, a rate of £25.00 per head is not unusual. Although some European foods are served, but the Nigerian varieties formed the bulk of food menu (Nigerian drinks are also often available).

Head gear wrapping is a flourishing business activity that is becoming fashionable at events. Head gear wrappers/fixers services are employed to strap, fix, or wrap different intricately complex women head gear styles that adorn women's heads. Such head gears are traditional head wears that complement Nigerian women attire. There is an assortment of styles and shapes similar to women hats fashion at the Royal Ascot Racecourse in the UK. Enterprising individuals (male and female) engage in this trade, and for a fee (usually £20.00/person) they create complicated

styles which generate stunning head gear styles/figures at events and parties. Many of these head gear wrappers/fixers regularly communicate (or travel to) with contacts in Nigeria to access current styles catalogue for the latest style/shape in vogue.

Nigerian events/parties incorporate lots of singing and dancing (Ajayi 1998). Music is either provided by live bands or Disc Jockeys (DJ). A good DJ often have a large repertoire of Nigerian traditional and contemporary music library and charges up to £1000.00 per event. Many celebrants and party organisers sometimes opt for a live band to perform at their events. There are many singers and musicians in the UK party circuits. Some of these live bands are professional musicians from Nigeria that got purposely invited for shows, but many of them reside in the UK plying their trade week-in-week-out at various party locations. A band can comprise of up to ten individuals, but two-man bands also exist. Musical sets, or a one-man band, with the sole musician 'stealing' all possible copyrights and providing entertainment at events/parties, are common. On the average, the services of musicians cost around £1000.00; some are known to charge £5000.00 per show. The popularity of live bands is derived from their spontaneity in singing ballads exhorting the praises of individuals at the party especially when money notes are been given (spray) to them.

The concept of 'spraying' money at parties (Abati 2011) is rooted in the Yoruba tradition in which rich and accomplished individuals give money to praise-singers/musicians in the olden days: the singers/musicians expect to be decorated with cash. But the tradition has mutated in the contemporary milieu such that celebrants and well-wishers compete to paste or 'spray' money on musicians, praise-singers and themselves at events. One will be deemed to be committing a faux pas if he/she does not participate in the money-spraying ritual, especially when the musician/singer is singing his/her praise. Since the lowest paper currency nomination in the UK is the five-pound note, party-goers that want to extend the scope of their 'spraying' activities need to convert their pound notes to one dollar notes. This introduces the activities of money-changers at parties and events. Party exchange rate is a standard one-to-one hence the group of money-changer entrepreneurs at parties and events make a profit from their activities. As a matter of economics, more and more people (especially the celebrants) are getting their dollars prior to the events, although many still have recourse to this indigenous 'bureau de change' (more so if they have exhausted their stake).

Photographers and video men/women also form a vanguard of entrepreneurs at Nigerian social events and occasions. Sometimes, the two are split; that is, separate professionals perform the two functions (charges range between £250.00 and £1500.00). At big parties and events, there can be more than one photographer and/or video-recorder woman/man. Some photographer-entrepreneurs are also present without been invited. They solicit guests to have their pictures taken, and the framed photos delivered in a matter of minutes (they often come prepared and set shop in their vehicles outside the event venues), and they charge £10.00/£5.00 per frame (large and small sizes) photos.

Subsequently, from the foregoing, many Nigerian diaspora entrepreneurs engage businesses in a socio-cultural time-and-place specific enclave. Within the ethnic enclave lay a profitable form of dynamic capitalism in the shape of varieties of

entrepreneurial activities carried out formally or informally. Table 3 shows the categories of entrepreneurs and their businesses as observed at Nigerian social events. The ‘non-ethnic linkage’ column has three classifications (link, no link, and probable) that reflect connections beyond the ethnic enclave. For instance, depending on availability, the venue is available to all-comers, and it is likely the photographer, videographer, and hall decorator is hired for non-ethnic functions. Yet, other services are ethnic-specific and could not be contracted beyond the group. The visible entrepreneurial connection to Africa (in terms of sourcing materials and items) is represented in the ‘diaspora linkage column. However, the gender allocation is not fixed as both men and women engage in all the business categories listed.

6 Negotiation of Diaspora Entrepreneurship in Multiculturalism

Labour market handicaps may have forced many diaspora entrepreneurs (such as described in the case study) to look for alternatives to paid employment, but these entrepreneurs need entrepreneurial resources such as financial and human capital, enabling environment and institutions in order to become self-employed (Light and Rosenstein 1995). Lack of these resources makes them a ‘resource-disadvantaged group’, which then suggests that the diaspora/ethnic entrepreneurs tend to react to unemployment and to limited employment options by becoming petty entrepreneurs (Light and Rosenstein 1995: 152–153). Many of the diaspora entrepreneurs identified in the case study seem to have responded to the opportunities afforded by social/cultural events and perhaps to ethnic penalties unemployment in the UK by becoming survivalist entrepreneurs (e.g. Ojo 2013). This submission is in line with the disadvantage theory of entrepreneurship (Light 1979). Consequently, these diaspora entrepreneurs are resourceful cultural agents who organise cultural, financial, social and human capital, to generate revenue from a cultural activity.

The case study illustrates how the entrepreneurs, not only engage with their customs and traditions but also kept in touch with their country of origin in facilitating their diaspora entrepreneurship. For instance, without regular ‘home’ input/resources many of these enterprises may not be feasible (e.g. foodstuffs, materials, fashion trends, etc. imports from Nigeria). The existence of this vibrant ethnic space could be seen as encouraging the partitioning of minority groups; provoking less interaction with others in the society at large. Moreover, it seems the case that though the multiculturalism existing in the UK may not have caused ethnic segregation into enclaves, but it appears to nurture aggregation that assists in promoting diaspora entrepreneurship. Invariably, the socio-political environments within which the Nigerian ethnic group reside and engage in the production of its economic survival are containers of system outcomes that elicit repertoires of resources from the group. These resources are vital and necessary for the effective

control of the transnational forces that influence the lives of the immigrants who are ‘simultaneously here and elsewhere’ (Clifford 1992: 3).

The concept of diaspora/ethnic entrepreneurship as a focal point for social inclusion goals and economic policymaking has received many research interests (e.g., Small Business Service 2004; Deakins et al. 2009). Hence, exploring the process of entrepreneurial exploitation of social-cultural spatial dimension by an African ethnic group to interrogate multiculturalism in the UK will necessitate enquiries into the motivation and orientation for self-employment in other minority groups. It could be argued that the fact that Nigerians actively exploit and engage in varieties of entrepreneurial endeavours and assume business risks indicates their astuteness and self-perception as entrepreneurs. The spontaneous opportunity mindset on their part (Morris and Pitt 1995) is thus revealed.

Figure 1 is a diagrammatic illustration of the discussions above. Entrepreneurship inadvertently then becomes a vehicle that reinforces disengagement from the mainstream. Beyond offering economic value, socio-cultural events as described provide positive excitement and camaraderie for the attendees; offering ample opportunities for people to share time, space, and activities with one another. The economic value of ethnic socio-cultural events is thus demonstrated in the economic empowerment and job creation at the individual (micro) and group (meso) levels. Ethnic solidarity at the group (meso) level is the outcome of the social value, but there is the potential for segregation tendencies in the larger British society (macro) level.

Although the Fig. 1 suggests that there are benefits accruing from the economic value of ethnic events and that the social value potentially produces harm to integration in the society, but these are moot points. It could be argued that individuals cannot be successfully empowered when engaged in small-scale entrepreneurship such as described in the paper. Entrepreneurship literature has indicated that ethnic enclave entrepreneurs often struggle and only manage to survive (e.g. Ram 1994; Nwankwo 2005; Ojo 2013). Also, the evil of social capital

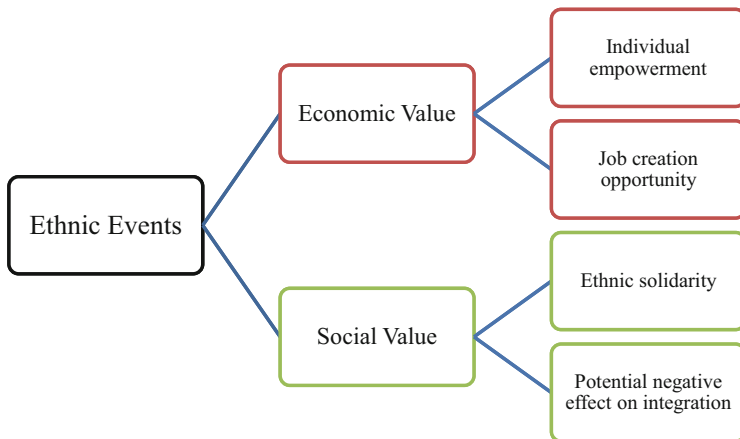


Fig. 1 Socio-economic impact of ethnic events. Source: author’s analysis

(embedded in ethnic solidarity) has been reviewed in Light and Dana (2013) as responsible for weakening entrepreneurship since it protects mediocrities, decreases objectivity, inflicts mental conformity on whole groups, or prevents escape from failing associates and partners. Likewise, it is not certain that event activities could produce a negative effect on integration, there are other things that can endanger the trust and ties between (and within) ethnic populations. In other words, the social value of events could also generate a potential positive effect on integration, e.g. cultural enrichment through cultural diversity.

7 Conclusions, Implications, and Recommendations

This chapter has provided an account of how ethnic socio-cultural events in the UK serve as the bedrock of entrepreneurship and networking among Nigerian diaspora entrepreneurs in the UK. It has highlighted how cultural assets and expressions are transformed into commercial values in the ethnic enclave but potentially contributing to the failure of multiculturalism. Nevertheless, one could infer from the study that when different ethnic groups live and socialise apart from each other, they cannot build up the kind of ties or the sorts of attitudes that promote ‘bridging’ trust (Putnam 2000) with each other. On the surface, it could be argued that the preservation of groups’ cultural practices may be seen as incompatible with bridging social capital or a commitment to the British values. This may also lead to a situation in which diaspora/ethnic entrepreneurs are encouraged to rely even more than they already do on their own networks, having thus fewer opportunities to reach the main labour market. Furthermore, the orchestrated strong arm policy on immigration capping (BBC 2010), deportations (Kisiel 2011), and exit from the European Union (Wintour 2016) could combine to create an atmosphere of despondency across ethnic lines in the UK that may not bode well with the ideals of a unified society. The ripple effect could have a negative impact on cohesion, integration, and unity in diversity.

In terms of recommendations, linkage schemes that enable groups to access existing credit institutions (credit unions, etc.) should be encouraged to facilitate credit. A social fund, funded by the private and public institutions, could be established to route resources to visible and viable ethnic businesses that transcend ethnic lines (e.g. Hall decorators or caterers’ capability to cater for other ethnic groups). Extending helping hand to diaspora/ethnic entrepreneurship will reinforce the market, since the economic motive is the only value that transcends the differences between individuals or groups, and according to Furnivall (1939: 449), the market is ‘only one place in which the various sections of a plural society meet on common ground’. These proposals will strengthen government policy on entrepreneurship and its ‘social inclusion’ agenda (Nwankwo et al. 2011). Also, the knowledge of the ethnic socio-cultural pattern of employment and entrepreneurship could enable governments at different tiers to develop policies that can promote the positive aspect of multiculturalism in the country.

Finally, while hoping that this paper will generate a momentum for growth and development of entrepreneurship development and practise, there is the justification that diaspora/ethnic entrepreneurship is far more diverse than is generally supposed (e.g., Nwankwo and Lindridge 1998). Therefore, more detailed research is required to take the perspectives of diaspora entrepreneurship and multiculturalism forward.

Nevertheless, a number of drawbacks are noted in the paper. Firstly, the attempt by this paper to interrogate the issue of multiculturalism from the economic viewpoint could be a major weakness. This is because the approach could be seen as exclusively promoting a “vision of society in which relations between groups are determined and dominated by economic concerns” (Pécoud 2002: 505) to the detriment of its social, cultural or political aspects. Secondly, all-encompassing in-depth interviews are needed to understand the dynamics of the ethnic social events platform as an entrepreneurial incubator.

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The Role of Linguistic Resources in the Institutional Organisation of the Armenian Diaspora in Finland



Sonya Sahradyan and Maria Elo

Abstract This chapter presents a linguistic ethnographic case study exploring the role of linguistic resources in the institutional organisation of the Armenian diaspora within the Finnish context. Even though the Armenian diasporas across the globe have been extensively studied in various countries, relatively little research has been conducted on linguistic resources employed in the institutional organisation of the Armenian diasporas. In addition, to our knowledge, no single research has focused on the Armenian diaspora residing in Finland or organisational work done at the institutional level within the Finnish context. The study reported here attempts to address these gaps by drawing upon multi-sited ethnographic fieldwork, more precisely, participant observations and informal interviews conducted with Armenian volunteers of the non-governmental organisation (NGO) promoting the organisation of the Armenian diaspora at the institutional level in Finland. To do so, we examine the landscape of the Armenian diaspora, which is shaped on the basis of different generations of *historical* and *contemporary* Armenian diasporas, who have increasingly diversified backgrounds regarding their migration grounds and legal statuses in

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addition to their linguistic and socio-economic characteristics. Some activities, events and festivities arranged by the NGO are then described to illustrate organisational work done by the volunteers with the cooperation of individuals, institutions, associations and schools, apart from with the support of the Armenian diaspora based in Finland. Finally, we discuss linguistic resources that are used by the volunteers in organisational work carried out through internal and external communication within the offline and online contexts. Overall, the study findings indicate that the volunteers of the NGO make use of different linguistic repertoires in organisational work as not all the Armenian diaspora members master Armenian, which is the shared main language for the majority of them. The study, thus, confirms that linguistic, especially multilingual, resources promote the institutional organisation of the Armenian diaspora since linguistic diversity is commonplace among the diaspora members. This chapter contributes to understanding of how the diaspora can be organised at the institutional level through multiple linguistic resources that provides new insights into diaspora communities with little or no common language.

1 Introduction

Numerous scholars have paid particular attention to different global diasporas, for example, Indian, Jewish and Armenian, and how such diasporas form their activities and institutions in host settings (Bhat and Narayan 2010; Elo and Volovelsky 2017; Tölölyan 2005). Much has been written about the Armenian diasporas based in a wide range of countries, and academic studies have recently focused on *contemporary* Armenian diasporas in post-socialist Europe (Siekierski and Troebst 2016), which have been conducted, for instance, in Estonia (Davidjants 2016), Poland (Łtowski 2016), Bulgaria (Papazian-Tanielian 2016) and Russia (Dvatlov 2016). Most of these studies have investigated the organisational features and activities of the Armenian non-governmental organisations (NGOs), whereas several of them have explored the Armenians' experiences of migration and settlement in the host country. Research on *historical* Armenian diasporas has also been carried out in European countries and the United States, and some of them have mainly concentrated on the Armenian migration history as well as on the Armenian community associations (see, e.g., Maciotti 2015; Stave 2015).

Thus, considerable research has been conducted on the Armenian diasporas and organisational structures through community associations across the globe; however, so far, no single research has studied the Armenian diaspora residing in Finland or organisational work done at the institutional level within the Finnish context. Instead of addressing this diaspora as one homogenous entity and actor, Vertovec's (2007) work and the concept of superdiversity support the need to address it in a more emic way; to capture a more in-depth and sophisticated picture of what such diaspora formation and organisation stands for inside the diaspora. This is particularly interesting in a context that is rather peripheral and not a main receiving country. After all, the Armenian diaspora ethnoscape involves also linguistic diversity and is subject to

host-contextual adaptations (cf. Appadurai 1996). Furthermore, linguistic resources employed in the institutional organisation of the Armenian diasporas have received relatively little attention in academic studies (cf. Blommaert 2013), but may be of instrumental value theoretically. The present chapter addresses these gaps in the literature and aims at finding answers to the following questions:

1. how is the Armenian diaspora shaped in Finland?
2. how is organisational work carried out at the institutional level?
3. how are linguistic resources employed in the institutional organisation of the Armenian diaspora?

The study presented here is conducted in the Finland-Armenia Association (*Suomi-Armenia yhdistys ry* in Finnish) located in Finland, and it focuses on organisational work carried out by the volunteers of the Association. Associations established by migrants and diasporans can be vital for shaping their engagement and fostering their economic participation both in home and host context (Orozco and Rouse 2012). In this chapter, both an *association* and *NGO* have the same meaning and refer to a non-profit organisation. The terms *NGO* and *Association* are used interchangeably and are related to the Finland-Armenia Association. In a similar vein, *institutional organisation* pertains to organisational work done at the institutional level within the NGO.

The rest of the chapter has the following structure. In Sects. 2 and 3, we review literature on the organisation of the diaspora and linguistic resources, respectively. Research approach, methods and participants are presented in Sect. 4. Afterwards, we analyse and discuss the research findings in the next three Sections. Finally, Sect. 8 reports conclusions of the study, followed by the implications for diaspora organising.

2 Literature on the Organisation of Diaspora

The organisation of diaspora can take place as a formal or informal process over time (Cohen 2008; Brinkerhoff 2009). For diaspora, size and time matters. Small diasporas in a host context have limitations of scale that influence their activities and organisational formation (e.g., Kuznetsov 2006). Most diaspora formations have politico-economic reasons and evolve gradually, but wars and crises also generate waves of migration that uproot and relocate societies as extensive communities (e.g., Cohen 2008; Elo and Vemuri 2016). The social life of diasporans, also in transnational space, usually triggers various networks and associations with numerous purposes as social movements within the diaspora emerge and generate such demands (e.g., Sökefeld 2006). The formation of diaspora as an organisational entity is often linked to factors such as common heritage, identity, language and geographical origin that provide a constellation of shared elements of life that constitute a link between diasporans in new contexts and the basis for the organisation of diaspora (cf. Elo and Hieta 2017; Elo and Vemuri 2016; Orozco and Rouse 2012). This organisation of activities fosters the development of informal and formal institutions in diaspora, often starting with social and religious activities. Interestingly, diasporas

tend to have particular “fragments” in the host context although the concept of ethnic enclaves dominates many debates, for example, in employing diaspora resources in entrepreneurship (cf. Dana 2007; Light et al. 1994). The place of origin, not just the country of origin is often relevant in such fragment-developments, for example, the post-Soviet Jewish diasporas across different host settings has largely organised itself based on networks from certain cities with linguistic particularities. In a similar vein, hometown associations may link activities between the host context and the context of origin having a more specific setting than the nation state level (Gitelman 2016; Orozco and Rouse 2012).

Vertovec (2007) coins such fragmentation as superdiversity, which brings complicated dynamics, while also changing the nature of “diaspora”, increasing the number of new, small and dispersed, multiple-origin, transnational, socio-economically differentiated and legally stratified migrants and their groups. In other words, this term is introducing the diversification of diversity. Prior to this debate, the discussion was more interested on the diversification of the overall population via migration, but this concept has triggered the debate on the diversification inside the migrant population. Blommaert (2013) continues this research stream and highlights the respective development in terms of linguistic diversity, that also influences the way a dispersed “ethnos” and diaspora development can be built and maintained (cf. Elo and Vemuri 2016). Despite criticisms¹ of the concept of superdiversity, it demonstrates itself in many diaspora associations and their difficulties (cf. Brinkerhoff 2009, 2011).

Commonality and diversity of linguistics has socio-political importance for diasporas (e.g., Darden and Mylonas 2016). Multiple languages generate difficulties and complications in communication across different settings (e.g., Jørgensen et al. 2011), but multilingualism as such is also a cultural asset for a diaspora and part of the heritage value, for example, for the Russian Jewish diaspora or the Finnish-Nordic diaspora (cf. Elo and Hieta 2017; Myhill 2004). Languages unite and divide, but the language use of a diaspora can also be one framing indicating streams of development and orientations of diasporic activity (cf. Romanov 2000). Diaspora associations are like any other institutions and organisations with functions and activities that are communicated using language as a tool. Thus, common goals, strategies, missions and toolboxes are developed, and here diasporans have specific characteristics in terms of perspectives, capabilities and motivations that have also been found in organising transnational business and entrepreneurial activities across nation state and linguistic boundaries (cf. Riddle and Brinkerhoff 2011; Riddle et al. 2010). Time allows development and learning, but also unlearning to take place. Language and diaspora are thus interlinked and dynamic concepts that coevolve and influence each other (cf. Canagarajah 2017; Landau 1986; Rosa and Trivedi 2017). In sum, the linguistic constellation and capabilities of a diaspora forms a significant resource for it, a part of the human resource pool that the diaspora may tap into (Newland and Tanaka 2010).

¹See more on criticism of the concept of superdiversity in Meissner, F. (2015). Migration in migration-related diversity? The nexus between superdiversity and migration studies. *Ethnic and Racial Studies*, 38(4), 556–567, and Ndhlovu, F. (2016). A decolonial critique of diaspora identity theories and the notion of superdiversity. *Diaspora Studies*, 9(1), 28–40.

Interestingly, the organisation of diaspora seems to face common challenges across diasporas and host contexts- beyond the size of the diaspora, its heterogeneity and superdiversity, and its linguistic divides. One of the issues is the plurality of the diaspora setting in a location, as certain homophily² is favourable for fostering diasporic relations and trust creation on the intra-diaspora level (e.g., Chand and Tung 2011; Titzmann et al. 2007). Another related issue is the proximity among them, as a spatial closeness and an adequate number of members are needed for the development of organisation of diaspora. Further, that might also be connected to the need of forming an association on an attractive location with proximity to livelihood and prosperity generation (e.g., Peteet 2007; Simonyan 2013). This makes the physical location relevant.

Contemporary diaspora formation and organisation also takes place in the digital space reducing, but not removing, the meaning of this geographical proximity (Brinkerhoff 2009; Minto-Coy 2011). After all, many diaspora associations are built to serve an active, physical community of children, families, diasporic consumers and other members, not some virtual markets. In parallel to rather defined traditional associations for folklore dances and religious festivities, diaspora associations per se develop and take new forms and cooperate with various actors across home-host contexts, making the landscape of diaspora associations more complicated and multifaceted, in fact, broadening the context from physical to digital (cf. Brinkerhoff 2009; Brinkerhoff and Brinkerhoff 2011). The digital space has also facilitated the formation of irregular and negative activities among and between diaspora as an illicit form of organisation, for example, transnational organisation in smuggling and counterfeit business (e.g., Gillespie and McBride 2013).

Diaspora associations, whether focusing on host or home country issues, are often grassroots level associations, even informal ones, that concentrate on cultural, social or economic benefits. Economic formations refer to diaspora business, supply chain management, ethnic economy and diaspora entrepreneurship development (e.g., Kuznetsov and Sabel 2006; Elo and Volovelsky 2017). Beyond the cultural events that seems to have often a very central role in diaspora associations in terms of visible activities, there is also a plethora of various religious and business relations that are covered by diaspora associations. The visible cultural aspect of the organisation of diaspora, for example, folk dance festivals, food markets and culinary events, religious temples and festivities, parades and other public events attract attention as part of the cultural life in “superdiverse” cities, like New York, but the organisational forms and hierarchies behind such activities have not attracted much attention in research. There is very little understanding on the actual formation of associations per se and their organisational work, that is, structures and strategies. Both hierarchical and heterarchical diaspora associations, depending on their purpose, structure and ownership, have been documented in the past (Hall 2009). Yet the linguistic organisation and development of diaspora associations remains underexplored. The linguistic diversity of diaspora associations has black-box characteristics explaining and predicting behaviors and conveying knowledge, but most

²Homophily refers to the principle that a contact between similar people, here of similar heritage or origin, occurs at a higher rate than among dissimilar people, i.e. people of diverse backgrounds.

importantly, it is a key resource for diaspora associations universally (cf. Blommaert 2013). The linguistic diversity and its management creates potential divides fostering the notion of internal-external and belongingness.

3 A Conceptual Framework Based on Linguistic Resources

Research into *resources* has a long history; nevertheless, there is no consensus regarding the definition of this concept (cf. Barney 2001). In international business studies, the resource-based view has been widely applied and is considered to explain competitive advantage of actors over other actors (Barney 2001). In fact, the concept of resources was originally coined by Hymes in 1996, and it has been extensively used in sociolinguistics and applied linguistics. This concept has further developed by other scholars, for example, Blommaert (2005, 2010), who has investigated *linguistic resources* (e.g., language varieties, dialects, registers, genres, or levels of usage). Like Hymes (1996), Blommaert (2010, p. 5) reports that linguistic resources are usually employed “in real sociocultural, historical and political contexts”. In the words of Blommaert (2010, p. 12), linguistic resources have “the indexical value . . . in certain spaces and situations”, which occur in a particular timeframe. Similarly, Heller (2007, p. 1) indicates that “speakers draw on linguistic resources which are organised in ways that make sense under specific social conditions”. Consequently, different linguistic resources are used in different places and times. These time-space configurations affect the usage of linguistic resources in different regions, namely *front region* and *back region* (Goffman 1959; Blommaert and De Fina 2017), in which a variety of interactions and activities take place. For the purpose of this chapter, we are interested in studying linguistic resources and, in particular, linguistic repertoires deployed in organisational work done in both back and front regions within offline and online settings. To be more specific, the back region refers to *internal communication*, and the front region concerns *external communication*.

The notion of *linguistic repertoire*, which was introduced by Gumperz in 1964, has a close connection to linguistic resources. This notion refers to both individuals and groups (Platt and Platt 1975), and it is defined as “the totality of linguistic resources (i.e. including both invariant forms and variables) available to members” engaged in communities (Gumperz 1972/1986, pp. 20–21). The concept of linguistic repertoire is associated with *speech community* (see, e.g., Hymes 1996), which is also called *linguistic community* (see e.g., Gumperz 1962). Even though speech community concerns monolingual communities, different ways of speaking can be used within these communities (Hymes 1974). In the case of linguistic community, it mostly focuses on social groups that can be monolingual, as well as multilingual (Gumperz 1962, 1968). In a similar vein, different new notions or concepts have also been introduced, and one of them is adopted in this chapter: *community of practice*—a group of people who share a common interest and participate in communal activities organised in various settings. This definition is drawn from the work of Lave and Wenger (1991) and Wenger (1998), who first proposed the concept and then renamed it as *communities of practice*.

4 Research Approach, Methods and Participants

For this qualitative research, a case study approach is chosen as the research design because it is suitable for the understanding of a complex real-life phenomenon and its interpretation (Dörnyei 2007; Welch et al. 2011). A qualitative approach allows the generation of rich and in-depth data required (Welch et al. 2011). The research strategy is descriptive (the case NGO) and explorative (linguistic resources in use). The methodological framework is based on linguistic ethnography (Copland and Creese 2015; Rampton et al. 2014), which combines linguistic and ethnographic approaches to study social and communicative processes happening in various contexts.

The research includes different types of multilingual data collected through multi-sited ethnographic fieldwork, which were conducted among the Armenian diaspora community involved in a number of activities, events and festivities organised by the Finland-Armenia Association based in Finland. The data collection and analysis was carried out by an Armenian for improved quality (Salmi 2011). Moreover, informal interviews were conducted with the key participants, who were volunteering in the Association and were engaged in organisational work. Thus, the description and analysis of findings are based on the informal interviews and observational data gathered from the offline and online settings of the NGO. Narrative analysis (Riessman 2008) is employed to analyse the multilingual data accumulated in Armenian, Finnish, English and Russian in 2014–2016.

The key participants ($n = 5$) presented in this chapter were Armenians who lived in different cities in Finland. At the time of ethnographic fieldwork, they were volunteering in the NGO and supporting the organisation of the Armenian diaspora at the institutional level. The participants were between 36 and 40 years old, of whom two were female and three were male. They had resided in Finland for between 4 and 20 years. All the participants were multilingual; their main language was Eastern or Western Armenian, and they also mastered Finnish, English, Russian, Arabic, French and/or Hungarian. Pseudonyms are used throughout this chapter to ensure anonymity and confidentiality. The research data is part of a larger research project and its collection, use and archiving are subject to the rules by Finnish Advisory Board on Research Integrity.³

5 Landscape of the Armenian Diaspora in Finland

The Armenian diaspora is one of the oldest and largest Diasporas in the world, and the Armenians reside in nearly every country, including Finland. The history of Armenian migration to Finland is rather short compared to most of other countries, but the Armenians living in Finland also have diverse linguistic backgrounds as in

³See more in <http://www.tenk.fi/en/ethical-review-in-human-sciences>

most of other places around the globe. In fact, Armenian-Finnish relations were established in the 17th century, when Finland was an integral part of Sweden. However, a relatively small number of Armenians resided in Finland until the late 20th century; the number of Armenians started to increase from the beginning of the 1990s (Leitzinger 2009). The official statistics show that the number of Armenian-speaking persons was 17 in 1990, and by 2016, it increased to 295 (Statistics Finland 2016). The official statistics on the language background of foreigners are usually produced from the information provided by the Finnish Population Information System, where foreigners' data are entered after their registration with the Local Register Office (*Maistraatti* in Finnish).

However, the internal estimations made by the NGO illustrates that the number of Armenians living in Finland were about two times higher than the figure shown in the official statistics. This difference can be explained by the fact that foreigners who stay in Finland for at least one year have to register with the Local Register Office, where they can inform only one language (see Local Register Offices 2017). A further complexity in assessing the linguistic heritage and diversity (cf. Vertovec 2007) relates to these limitations in registering. As the Armenians moved to Finland not only from Armenia but also from other countries, they might have more than one main language, but they have to register one of them. Moreover, the Armenians might not register the Armenian language because they had not had an opportunity to learn Armenian in other countries where they had lived before migration to Finland. They are Diaspora Armenians (*Spyurkahayer*), who belong to the historical Armenian diaspora. The parents or grandparents of Diaspora Armenians had to spread to numerous countries because of the Armenian Genocide of 1915, which was the major reason for the establishment of the historical Armenian diaspora all over the world. After the collapse of the Soviet Union in 1991, the contemporary Armenian diaspora was formed, and it included Armenians from the homeland, Armenia. The contemporary Armenian diaspora also encompassed Armenians from former Soviet Republics who might have no or little knowledge of Armenian. In brief, the whole picture about the Armenians living in Finland cannot be captured on the basis of the language background data. In other European countries, there are considerable differences between *official* and *unofficial* numbers as well, which illustrates “the internal diversity of the Armenian population” and indicates that it “much depends on who counts and who is counted” (Siekierski 2016a, p. 19).

In general, both historical and contemporary Armenian diasporas have settled down in Finland, as in many other countries, due to a wide range of push and pull factors. The major push factor for the resettlement of the historical Armenia diaspora was a war in different Middle East countries, for example, Lebanon, Egypt, Iraq and nowadays Syria (Tölölyan 2014). In the case of the contemporary Armenian diaspora, the push factors were the devastating earthquake of 1988 in Armenia, the Nagorno-Karabakh conflict between Armenia and Azerbaijan in 1988–1994, and the challenging socio-economic conditions, which arose not only after the above-mentioned events but also after the breakup of the Soviet Union (Łotocki 2016). In addition to the push factors, there was also a variety of pull factors that foster the migration of Armenians to Finland, including marriage, family reunification, better working conditions and the world-renowned Finnish education system. In other

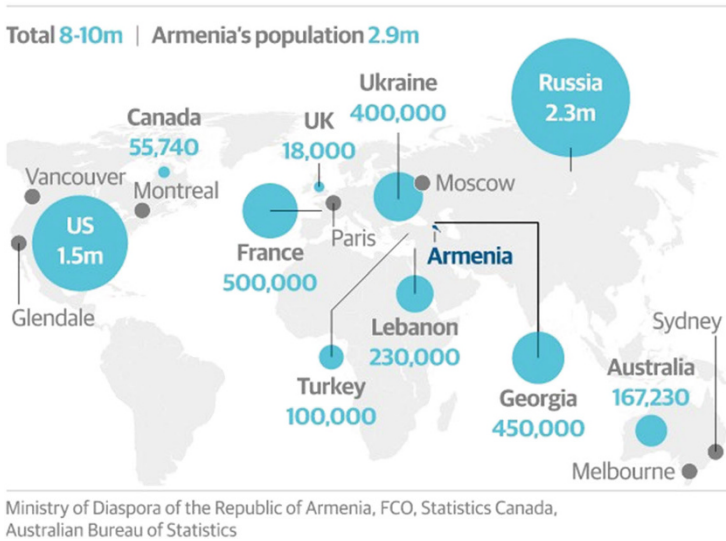


Fig. 1 Number of Armenians living outside Armenia (reproduced from Ghazanchyan 2015)

words, they came as asylum seekers, quota refugees, family members, workers or students and have, therefore, different migration grounds and legal statuses in the receiving country. Furthermore, members of the Armenian diaspora represented different generations in Finland, and the majority of them were adults. According to the classification of generations suggested by Rumbaut (2004), they could be classified into 6 generations: 1.0 (adult age, 18 and over), 1.25 (teenage, 13–17), 1.5 (primary school age, 6–12), 1.75 (preschool age, 0–5), 2.0 (born in the country, with both parents born abroad) and 2.5 (born in the country, with one parent born in the country). The Armenian diaspora members were also heterogeneous regarding other characteristics, for example, gender, education, work experience and marital status. Thus, it appears that the landscape of the Armenian diaspora is shaped on the basis of various generations of historical and contemporary Armenian diasporas, which are spread around the world (see more in Fig. 1). It is also obvious that members of the Armenian diaspora have increasingly diversified backgrounds in terms of their migration grounds and legal statuses in addition to their linguistic and socio-economic characteristics. All in all, *the multidimensionality of diversity*, that is, *superdiversity* (see, e.g., Vertovec 2007) is clearly noticeable among members of the Armenian diaspora based in Finland.

6 Mapping Organisational Work at the Institutional Level

In Finland, the organisation of the Armenian diaspora has started at the institutional level since the beginning of the 1990s by the Association of Finland-Armenia Culture Society (*Suomi-Armenia kulttuuriseura* in Finnish), which was registered in 1993 and

engaged in organising various cultural events for a few years. Afterwards, several Armenian families arranged different get-togethers to bring and keep members of the Armenian diaspora together in the host country. In 2005, the Finland-Armenia Association (*Suomi-Armenia yhdistys ry* in Finnish) was established and registered in Finland, but the activity of the Association has commenced since 2013. The Armenian Apostolic Church Community (*Armenialainen Apostolinen Kirkko Yhdyskunta* in Finnish) has also started to form in Finland since 2015, and it was registered as an association in 2016. The Finland-Armenia Association and the Armenian Apostolic Church Community usually collaborate in the organisation of the Armenian diaspora within the Finnish context. The former is mainly educationally and culturally oriented, whereas the latter has a religious orientation.

This chapter addresses the activity of the Finland-Armenia Association, which serves as not only a friendship but also a diaspora association. As a friendship association, it fosters the strengthening of friendship and cultural ties between Armenians and Finns; contributes the enhancement of good relations and mutual cooperation between Armenia and Finland; and supports in sharing information and opinions concerning both countries. In the case of a diaspora association, it promotes the maintenance of the Armenian identity, language, culture and history among the Armenian diaspora members; supports the presentation of Armenian history, culture and tradition within the Finnish context; and contributes to the development of strong links and connections of the Armenian diaspora based in Finland with the homeland—Armenia—and with the Armenian diasporas across the globe. The primary objectives of the diaspora association mentioned above are presented and discussed here.

The activity of the Association is based on voluntary work, and it is mostly done by the Armenian volunteers. The Association operates at a national level, and the members live in different parts of Finland, especially in cities such as Helsinki, Espoo, Vantaa, Kotka, Turku, Tampere, Oulu, Porvoo and Jyväskylä (see Fig. 2). The majority of members of the NGO represent various generations of historical and contemporary Armenian diasporas with different linguistic backgrounds (see the previous section). Also, some Finns and migrants from various counties are involved in the Association as members, and they are family members of Armenians or individuals who are connected to or are interested in Armenia and the Armenian history and culture. The Association has, therefore, linguistically heterogeneous members with diverse backgrounds.

From 2014, the Finland-Armenia Association started organising the Armenian language club for children with an Armenian background living in Finland. At the beginning, the Armenian language club was not arranged regularly due to the lack of teaching materials and an Armenian language teacher. These challenges were overcome with the help of the Ministry of Diaspora of the Republic of Armenia, which provided all the necessary teaching materials. Moreover, the volunteer of the NGO acting as a teacher could take part in the training course organised for Armenian language teachers within the framework of the Diaspora Summer School Program implemented by the Ministry of Diaspora of the Republic of Armenia. This summer school supported the volunteer teacher in developing her skills and

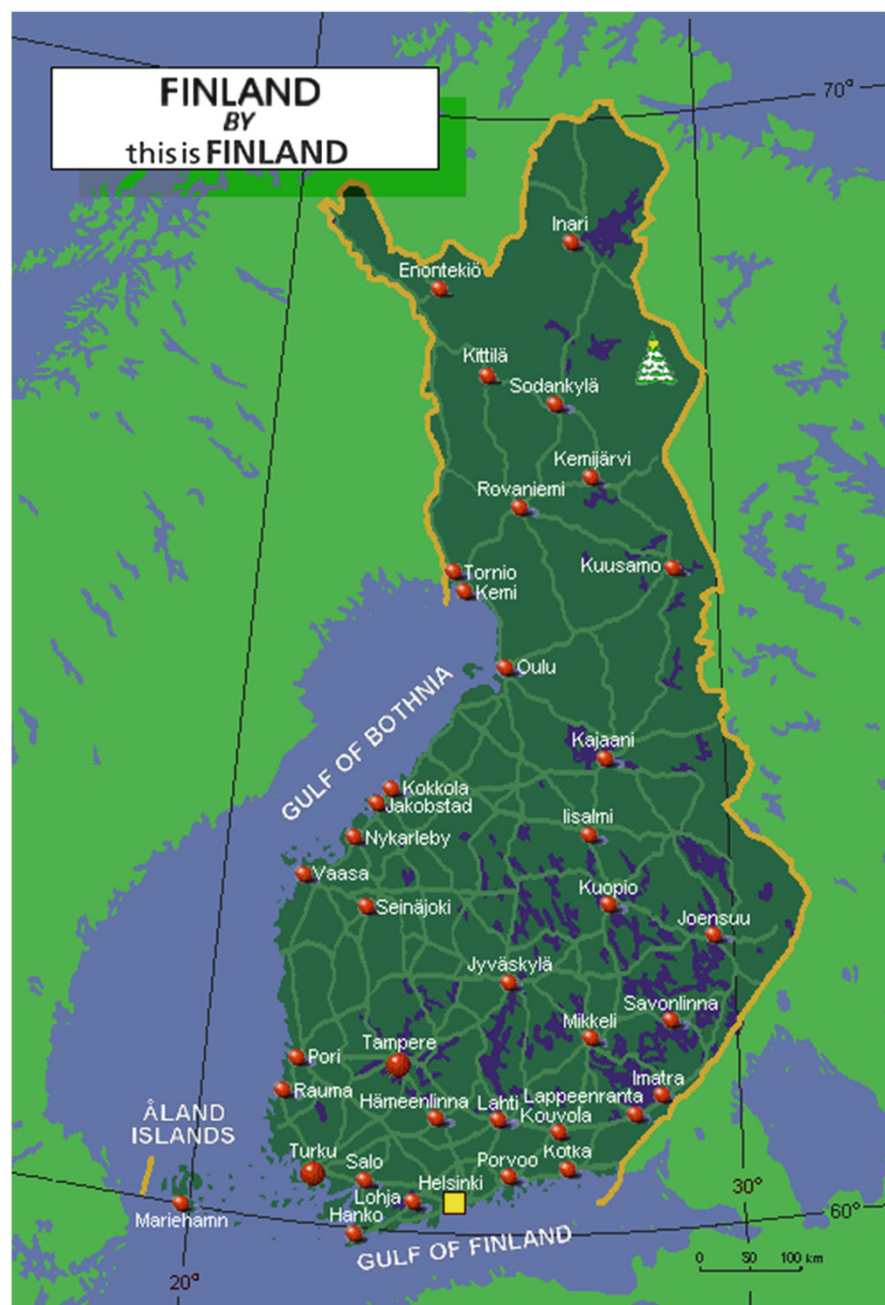


Fig. 2 Map of Finland (reproduced from thisisFINLAND 2014)

competences in teaching the Armenian language, and this point is presented in her narrative: *I could gain useful knowledge and skills related to the Armenian language teaching. I also had an opportunity to meet with teachers from different Armenian diaspora communities and to learn from their experiences* (Ani). Regarding the Armenian language club, she also commented as follows:

Our primary goal is to help children learn the Armenian language and maintain the Armenian identity . . . Most of children learn and speak Armenian at home, so they mainly learn how to read and write in Armenian during the classes (Ani).

The narrative quoted above show that the Association supports the next generation of Armenians in learning the Armenian language so that they can preserve their heritage language and identity, which is also highlighted in various studies carried out in different Armenian diaspora communities and associations (see, e.g., Chaloyan 2015; Davidjants 2016). What is also important is that the NGO collaborates with secondary schools and migrant associations located in Finland, which usually provide a space for organising the Armenian language club. Furthermore, the Association expands its cooperation with the Armenian language clubs and schools arranged by the Armenian diasopras based in other countries, for example, Estonia and Russia to exchange of experiences and to share practices related to the Armenian language learning and teaching.

In April 2014 and 2015, the Finland-Armenia Association with the Armenian diaspora residing in Finland held memorial events to commemorate the victims of the Armenian Genocide of 1915. For the 100th Commemoration of the Armenian Genocide, the volunteers of the Association supported in the organisation of the concert, exhibition and book presentation with the cooperation of the Embassy of Armenia to Finland and the Armenian Philharmonic Orchestra on April 11, 2015. The concert of the Armenian Philharmonic Orchestra in commemoration of the Armenian Genocide Centenary took place at the Tampere Hall. The concert was organised under the motto of “I remember and demand”, followed by the exhibition called “The Armenian Genocide and Scandinavian Response”. The presentation of new books on the Armenian Genocide was held within the framework of the exhibition: “The Silenced Voices” book written by the Finnish priest and professor Serafim Seppälä and the Finnish translation of “Armenian Golgotha”, a book written by Grigoris Balakian. Regarding the presentation of the Armenian history in Finland, one of the volunteers gave the following comment during the exhibition:

Today we could present the history of Armenia and Armenians to the Finnish society, which does not know much about it yet, so we need to continue our efforts in addressing this issue through various activities and events of the Association (Ruben).

In sum, as other Armenian Associations across the globe, the Finland-Armenia Association also strongly contributes to the presentation of the Armenian history to bring worldwide attention to the Armenian Genocide so that it will never happen again in any country (see, e.g., Asatryan 2016; Papazian-Tanielian 2016).

In addition, the Finland-Armenia Association organised various festivities, among which were the Independence Day of Armenia (September 21), the International Women’s Day (March 8), and Motherhood and Beauty Day (April 7). For

example, the 25th anniversary of Independence of Armenia was celebrated in Helsinki in 2016, which started with the national anthem of Armenia, and then the Chairperson of the Finland-Armenia Association gave a speech on Armenia and Armenians. Afterwards, the paintings done by the Armenian children were presented in the exhibition called “The Homeland through My Eyes”, followed by the showing of photos entitled “Instants in Armenia” and a film “On the roads of Armenia”. At the end of the festivity, the musicians invited from the Armenian diaspora based in Estonia performed the Armenian folk music and created an Armenian cultural atmosphere. From the above description, it seems that the festivity carried out by the NGO fosters passing the image of homeland and the feeling of connections with Armenia through generations (cf. Chaloyan 2015).

For the children, the Association also arranged the pre-Christmas party (*Pikkujoulu* in Finnish) and the end of the School Year ceremony in which children sang, danced, recited poems and/or played musical instruments such as piano, violin, flute and clarinet. Before the establishment of the Armenian Apostolic Church Community, the NGO celebrated the traditional religious holidays such as Christmas and Easter as well. In these and other festivities, attendees were mainly members of the Armenian diaspora residing in Finland as well as Finns and migrants from different countries. The attendees usually came with their families and brought traditional dishes and cookies with them. The Armenians living in other countries sometimes take part in the festivities organised by the NGO as well. One of the volunteers, who was actively involved in organising various festivities, described as:

We usually invite Armenians from different parts of Finland to participate in the festivities that we organise here. . . . Sometimes we also invite Armenians from other countries. . . . Through these festivities, we want to promote the maintenance of the Armenian culture as well as the formation of social networks among Armenians living in Finland and other countries (Laura).

Thus, these and other activities, events and festivities organised by the NGO play an important role in the preservation of the Armenian identity, culture, language and history in the host society (cf. Siekierski and Troebst 2016). Furthermore, they as “the formal transnational fields” support not only becoming aquatinted but also keeping connections with the Armenian diaspora members living in the receiving country (Chaloyan 2015, p. 112). They also bring together members of the Armenian diasporas residing in different countries and promote their involvement in “the wider diasporic network” (Siekierski 2016b, p. 207). Overall, it seems that the activities, events and festivities are organised with the cooperation of institutions, associations, schools and members of the Armenian diaspora. As one of volunteers puts it: *Cooperation is a key driving force for the Finland-Armenia Association, and we want to increase it [cooperation] and to make it [cooperation] more effective and productive in our Association* (Aram).

7 Linguistic Resources Employed in the Institutional Organisation of the Armenian Diaspora

From 2014 to 2016, the active members of the NGO acted as volunteers and organised a variety of activities, events and festivities, which were planned and prepared through face-to-face or virtual meetings, phone calls, emails and Facebook group chats, that is, via internal communication. In planning and preparation processes, the volunteers employed not only Western and Eastern Armenian but also Finnish, English and Russian, illustrating linguistic diversity in diasporic action (cf. Blommaert 2013). In fact, the volunteers often employed Western Armenian and Eastern Armenian, which are two standardized forms of the Armenian language, and one of the volunteers gave the following comment regarding the usage of Western and Eastern Armenian in internal communication:

During our event preparations and discussions, the volunteers who were born and grew up in Armenia employ Eastern Armenian, and the volunteers who were born and grew up outside Armenia employ Western Armenian . . . It usually does not create any difficulties as Western and Eastern Armenian has the same alphabet, only spelling and pronunciation are a bit different (Garegin).

What is also interesting is that the volunteers drew upon their multilingual repertoires in internal communication because they got used to it in daily language use, and this is a typical comment made by most of them: *I usually use different languages, for example, Armenian together with Finnish, English or Russian in everyday situations, so I do the same in our organisational work* (Ruben). This implies that the usage of multilingual repertoires is a distinctive characteristic of contemporary life (Pöyhönen et al. 2018), and it is a central aspect in organisational work done through internal communication within offline and online contexts.

For the dissemination of information about activities, events and festivities, the announcements were mainly posted on social media sites, such as *Facebook*, a platform for the organisation of communities (Seargeant and Caroline 2014). The announcements were posted on the Facebook group page created by the volunteers. At the beginning, the group was closed for the outsiders, but later it became a public group so that everyone interested could join the group, regardless of membership to the Association.

In general, the volunteers employed different linguistic repertoires in making announcements that were disseminated through the Facebook group page as well as on-site, more specifically, via external communication. In the case of Armenian, the announcements were mainly provided in Eastern Armenian because most of the volunteers mastered Eastern Armenian, and they did not have knowledge and experience of writing in Western Armenian. Eastern Armenian was spoken by members of the contemporary Armenian diaspora who migrated to Finland from Armenia, where Eastern Armenian is the official language. Western Armenian was spoken by the historical Armenian diaspora members who moved to Finland from other countries, for example, Lebanon, Iraq, Kuwait, Turkey and Syria. Actually, the majority of Armenians read or write Western/Eastern Armenian as they studied the Armenian

language at school, and some of them can read or write Western/Eastern Armenian only with the Roman or Cyrillic letters as they learnt the language from parents and grandparents at home. Meanwhile a few Armenians have no or very little knowledge of spoken and written Western/Eastern Armenian because of various circumstances related to the pre- and/or post-migration life.

Therefore, in addition to Armenian, Finnish and/or English were utilised in the announcements so that all the members of the Armenian diaspora could get information and could participate in the community life. More specifically, information was prepared and posted on Facebook in Armenian along with Finnish and/or English because some Armenian diaspora members did not know Armenian or they knew little Armenian since they were born and raised in different countries. Some of them were newly arrived Armenians and mastered English but not Finnish, and the others were early arrived Armenians and could communicate in Finnish. Concerning the announcements, another volunteer commented as follows: *Several times the announcements were posted only in Armenian, but almost all the time the members asked to give information in other languages as they could not understand what about the announcements were* (Aram). What is remarkable here is that utilising only Armenian in the announcements would not be enough as members of the Armenian diaspora have diverse linguistic backgrounds, and a common narrative regarding the usage of multiple linguistic resources is presented below:

We mainly use Armenian, our language, but we also use other languages because we want to bring together all the members of our Armenian community who have various language backgrounds, we want the Armenians who have no or little knowledge of Armenian to be with us and one of us (Laura).

From this narrative, it is obvious that the volunteers employ different linguistic repertoires so that all the Armenians can be informed and involved in the Armenian community, even though they do not have the shared main language, and in this case Armenian. This kind of language situation is exemplified in the study conducted by Galstyan (2014) in which she reports that not all members of the Armenian diaspora in the Netherlands master the shared main language, Armenian, as well. Meanwhile, the study shows that either the language of the host country or the language of the home country is mostly employed in Armenian community associations. However, the organisational work done in this way excludes some Armenians from the diaspora as not everyone knows “either/or” language chosen by associations.

Judging from the linguistic diversity presented above, it seems that not all the Armenian diaspora members know the Armenian language due to a variety of migration experiences and circumstances. Therefore, it is important and necessary to employ “multilingual resources and repertoires” as they are “crucial capital for successful communication, action and interaction” (Leppänen and Peuronen 2012, p. 389) within communities. In addition, the usage of multiple linguistic resources was also needed as the Finns and migrants with different ethnic and linguistic backgrounds were involved in the Armenian community as well, and they were mostly family members or friends of Armenians representing both the historical and contemporary Armenia diasporas. Hence, it appears that the volunteers’ multilingual

repertoires enable them to be engaged in organisational work done through external communication, which usually take place in both offline and online settings. It is also evident that the community practises have no given homogenous basis linguistically or spatio-temporally.

8 Conclusion and Implications for Diaspora Organising

In this chapter, we have presented how the Armenian diaspora is shaped within the Finnish context. The findings show that the Armenian diaspora was established and evolved over time due to various waves of Armenian migration. The Armenian diaspora in Finland includes different generations of historical and contemporary Armenian diasporas who came from Armenia as well as from other countries around the world. In addition to their linguistic and socio-economic backgrounds, their migration grounds and legal statuses were also considerably diverse. This shows that the multidimensional diversity exists inside the Armenian diaspora, which can be described as superdiverse (Vertovec 2007). Based on the internal estimates of the NGO, it is also revealed that the number of Armenians living in Finland was approximately twice higher compared to the number of Armenian-speaking persons ($n = 295$) reported in the official statistics of Finland for the year 2016. This implies that the accurate number of Armenians cannot be provided on the basis of the official statistics on the language background data, which exclude not only Armenians who do not master the Armenian language but also Armenians who have more than one main language or have little proficiency in the Armenian language. In other words, demographic dimensions and, in this case language, cannot provide the accurate numbers as societies are becoming unpredictable and more diverse (Pöyhönen et al. 2018). Overall, the landscape of the Armenian diaspora in Finland represents a small number compared to the historical and global Armenian diasporas residing in different parts of the world, underlining the meaning of diaspora size. However, as in most of countries around the world, the Armenians diaspora members in Finland have linguistically heterogeneous backgrounds as well.

The organisational work carried out by the Finland-Armenia Association has been analysed illustrating the use of multilingual repertoires that are both a resource and a result of complexity stemming from the diverse diaspora members. The findings indicate that organisational work of activities, events and festivities was mainly done with the support of the Armenian diaspora residing in Finland. For the institutional organisation of the Armenian diaspora, the NGO also collaborated with a number of individuals, institutions, schools and associations based in Finland, Armenia and other countries. From the findings, it is also obvious that through these activities, events and festivities the Association promotes the maintenance of the Armenian identity, language, culture and history in the receiving society. Furthermore, they contribute to the strengthening of links and connections of the Armenian diaspora in Finland with the homeland on the one hand, and with the Armenia diasporas around the world on the other. Thus, activities, events and festivities are important instruments in shaping and maintaining the diaspora even in such remote locations.

We have also reported how linguistic resources are employed in the organisation of the Armenian diaspora at the institutional level. The findings presented in the previous section illustrate that Eastern Armenian alongside Finnish and/or English utilised in external communication, whereas Eastern/Western Armenian together with Finnish, English and Russian were used in internal communication. Actually, internal communication was related to planning and preparing activities, events and festivities and was done through face-to-face or virtual meetings, phone calls, emails and Facebook group chats. External communication concerned the dissemination of information relating to these activities, events and festivities about which the announcements were posted on the Facebook group page or provided on-site. Thus, the findings illustrate that the Association's volunteers usually employed multilingual repertoires in organisational work, which they carried out via internal and external communication within both online and offline contexts. Taken together, these findings seem to confirm the importance of using multilingual resources in the organisation of the Armenian diaspora as not all the members can communicate in Armenian, the shared main language of the majority of the diaspora members.

The findings discussed above provide new insights into diaspora communities with little or no common language, and, therefore, contribute to a better understanding of the institutional organisation of the diaspora through multilingual resources. This contribution illustrating both sides of the linguistic token might be vital not only for the Armenian diasporas residing in various countries but also for other diasporas across the globe. This suggests that policymaking and diaspora organisational management need to consider the linguistic resources and diversity degree of the diasporans when creating framings for their activities. The findings, however, do not illustrate how different linguistic resources are chosen and used along with semiotic resources in organisational work within offline and online settings of the NGO. Further studies should, therefore, be conducted to explore language policies and communication practices in the organisation of diaspora at the institutional level.

Theoretically, these findings point out a key weakness of diaspora theory assumptions regarding linguistic capabilities, since not all Armenians possess similar linguistic resources. Further, they suggest that diaspora networks and communities may face challenges related to their inherent diversity when forming formal institutions and associations. The concept of homophily (cf. Titzmann et al. 2007) and trust building in diaspora (Chand and Tung 2011) can be impeded by such high diversity (cf. Blommaert 2013; Vertovec 2007) resulting in different kind of diaspora formation and organisation than that of a more homogeneous diaspora. Thus, the idiographic nature of diasporas needs acknowledgment particularly for research and analysis, while the "all in one bucket"-diaspora approaches can be questioned in research, policymaking and management.

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Part IV
Diaspora Entrepreneurship and
International Business

Leadership Concepts for Diaspora Entrepreneurship: What Does Management and Organization Theory Offer?



Jörg Freiling

Abstract Entrepreneurship is different from management and particularly questions current ways of leading a company. Entrepreneurship research suggests leadership solutions for entrepreneurs as e.g. the entrepreneurial orientation construct. However, do these and similar approaches also hold for the specific situation diaspora entrepreneurs are in? Or does the real nature of diaspora entrepreneurship depart to some extent from common entrepreneurship models? In other words: is diaspora entrepreneurship more a content or a context issue of entrepreneurship? This paper analyzes the relevance of leadership concepts for diaspora entrepreneurs against their particular background of factors like mixed embeddedness, the relation to diaspora networks or their resources at hand. It portrays three leadership concepts, namely effectuation, bricolage and strategic real option thinking, that directly consider diaspora entrepreneurs' peculiarities.

1 Introduction

Entrepreneurship differs from management in many ways. While managers are agents for principals, entrepreneurs are the latter. Managers work within a system they have to 'fill' (with structures, strategies, to some extent with culture), whereas entrepreneurs are in a position to question the current business fundamentally and to structure it according to their own visions, wishes, aspirations and goals (Hinterhuber 2004). Moreover, managers tend to exploit a more or less given business while entrepreneurs deal with both exploration and exploitation (Freiling 2008). Insofar, leadership can be more managerial or more entrepreneurial. Against this background, entrepreneurship can be conceptualized in a number of ways following different schools of thought mentioned in the section below. Depending

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on the favored school of thought, the conceptualization is sometimes more explorative, sometimes both explorative and exploitative, i.e. ambidextrous (March 1991). The understanding of entrepreneurship and entrepreneurs is rather sharp against this background and leadership styles can be identified by employing the above-mentioned concepts. This suggests that subtypes of entrepreneurship are more or less a matter of specific context. However, dealing with the nature of diaspora entrepreneurship and taking a look at various articles of this book, the question arises whether and how far diaspora entrepreneurship may call for leadership concepts in general and entrepreneurship in these ventures in particular. As diaspora entrepreneurs very often depart from lower developed countries to higher developed ones as host countries (Harima et al. 2016), specific challenges characterize their leadership context, namely (1) resource constraints that may be overcome by activating diaspora networks, (2) mixed embeddedness in home and host country (Kloosterman et al. 1999) that help finding business opportunities and (3) mostly insufficient information of the markets and environments in the host country so that volatility, uncertainty, complexity and ambiguity—the so-called ‘VUCA’ factors as a pervasive phenomenon with a specific impact on diaspora business—hamper sound decision-making. Moreover, VUCA may challenge diaspora entrepreneurs more severely as their companies are new, not well prepared and often short of assets that may mitigate external shocks.

Against this background, this paper of the conceptual kind deals with the question of the existence of specific entrepreneurship and leadership issues of diaspora entrepreneurs and the theories helping to address these issues. More specifically, the question arises whether diaspora entrepreneurship is more a content (i.e. an entrepreneurship sub-concept of its own) or a context issue. The next step is about the conceptual foundations of diaspora entrepreneurship against the background of leadership challenges. The follow-up section deals with leadership approaches that respond to the particular situation of diaspora entrepreneurship. In the last section, theories and theoretical paradigms are related to these leadership approaches to provide leadership with a theoretical back-up. This section also comprises a set of selected conclusions.

2 Conceptual Foundations

Diaspora entrepreneurship is a separate part of entrepreneurship research. However, is diaspora entrepreneurship a matter solely of context or is it a separate entity, i.e. characterized primarily by its unique content? This paper suggests that both views are possible and useful, but also that it makes sense to develop a particular view of diaspora entrepreneurship content. Given this fact, carving out the particular leadership profile of diaspora entrepreneurship requires a brief overview of the entrepreneurship concept in terms of content, process and to some extent also context. In literature, we can identify at least three schools of thought of entrepreneurship that respond to the mentioned issues. First, the entrepreneurial orientation

school favors a predominantly explorative conceptualization of entrepreneurship (Lumpkin and Dess 1996). People (and organizations) act entrepreneurially if they are autonomous in what they do, innovative, risk taking, proactive, and competitively aggressive. A second school of thought does not focus people and/or organizations, but entrepreneurial functions. With a long history of three centuries, this school of thought was initially economic in nature, but spread to business and management in more recent times (Freiling 2008). Depending on the entrepreneurial functions that form the construct of entrepreneurship, the understanding can be more explorative (like Schumpeter's (1934) innovation function) or more exploitative (like Kirzner's (1973) arbitrage function). In the context of small business and venturing, Freiling (2008) developed a multi-functional view building on four classical functions—two of explorative (innovation and risk management), two of exploitative kind (internal coordination and arbitrage). Insofar, this school of thought favors a more balanced view of exploration and exploitation. Third, a traits school approach points to the personal level and tells us what entrepreneurs are. Attributes like need for achievement, internal locus of control, tolerance of ambiguity or risk-taking propensity have been discussed for a long time (Cunningham and Lischeron 1991)—however, with limited success as for discriminating entrepreneurs as a social group. Also more recent, neuroscience-based approaches like specific meta programs of entrepreneurs have not caused a breakthrough, yet. Nevertheless, the entrepreneurial traits school may help refining the entrepreneurial profile.

All the three schools of thought have something meaningful to tell. They provide us with hints on what entrepreneurial thinking (entrepreneurial orientation school), entrepreneurial action (entrepreneurial function school) and being an entrepreneur (entrepreneurial traits school) is about. For the follow-up considerations, all the three understandings play a role. The traits approach, however, plays a role a bit later when the leadership concepts come into play.

However, what may be peculiarities of diaspora entrepreneurship in the light of leadership? Literature suggests (Safran 1991; Riddle 2008; Tung 2008; Harima 2014) that diaspora entrepreneurship is different from other kinds of entrepreneurship in at least five different ways. First, Kloosterman et al. (1999) point to the construct of mixed embeddedness of diasporans, i.e. their relationships to both their country-of-origin and their country-of-residence. As a more or less idiosyncratic feature of diaspora entrepreneurs, this can be of pivotal relevance for the development of new business concepts as it implies a particular world view and business perspective that may create a special entrepreneurial orientation of diaspora entrepreneurs and a specific activation of entrepreneurial functions. Second, diaspora entrepreneurs are characterized by their specific structure of networks and the particular importance of networks to develop a business (Elo and Jokela 2014). More specifically, diaspora entrepreneurs do not only use common business networks in their country-of-origin as well as in their country of residence. Moreover, they gain and shape business opportunities by the so-called 'diaspora networks' this particular group can access (Kuznetsov 2006). These networks allow autonomous and proactive moves (entrepreneurial orientation school) and challenge their coordination capacities while opening the door to new arbitrage opportunities and maybe

innovative moves that are accompanied by specific risks (entrepreneurial functions school). Third, the transnational business dimension characterizes diaspora entrepreneurship (Drori et al. 2009; Riddle and Brinkerhoff 2011; Harima et al. 2016). Given their mixed embeddedness and empowered by the means of modern ICT and logistics, diaspora entrepreneurs often build a business that transcends national borders and sometimes goes beyond both country-of-origin and host country. This may change the situation of exploration and exploitation in general and implies specific opportunities and risks (entrepreneurial orientation and function school). Fourth, diaspora entrepreneurs bear, control and/or access related ethnic resources (Elo 2016). Based on transnational knowledge and experience they develop and nurture unique intercultural competencies that are fueled by cognitive diversity, considerable creativity and global mind-sets (Saxenian et al. 2002). This may provide a foundation for entrepreneurial orientation in general. Particularly and with regard to entrepreneurial functions, this is a strong asset in improving transnational coordination and risk management. Fifth, diaspora entrepreneurship often-times faces challenges by a limited set of other resources at hand in connection with bottlenecks and disadvantages like liabilities of foreignness (Hymer 1960; Zaheer 1995). As ‘architects’ of business concepts between different countries, diaspora entrepreneurs are neither well integrated in relevant societies, nor do they always possess sufficient amounts of social or financial capital to start ventures like high-tech start-ups. With a migration background, they may face specific challenges caused by institutional constraints (Yeung 2002). Whereas these factors may impede the activation of entrepreneurial functions and entrepreneurial orientation, at the same time diaspora entrepreneurs can build (on) assets of foreignness (Freiling and Laudien 2012), as e.g. their transnational profile can be attractive for both certain customer segments as well as business partners.

To conclude, there are good reasons to regard diaspora entrepreneurship as a sub-mode of entrepreneurship with striking differences as for the content, the context and even the process. As for the process, the peculiarities mainly refer to the run of events and the challenges that create idiosyncratic organizational paths—in connection with path dependencies (Sydow et al. 2009). Whereas most of the content and context peculiarities have been outlined above, the general context-related challenges of globalized business are to be considered as well as they are closely related to opportunities and challenges of founding new businesses. The ‘VUCA’ acronym (Bennett and Lemoine 2014) well describes the drivers of these opportunities and challenges stemming from volatility, uncertainty, complexity and ambiguity (VUCA). The transnational business of diaspora entrepreneurs strongly relates to the VUCA debate as at least uncertainty, complexity and ambiguity are typically higher within these settings. Insofar, leadership concepts for diaspora entrepreneurship need to take these cornerstones of business activities into account as well. Moreover, they need to relate VUCA challenges to the particular profile of diaspora entrepreneurs pointing to the liabilities they may cause or reinforce (liabilities of newness, smallness, adolescence and foreignness).

Finally, we need to depart from the notion that diaspora entrepreneurship is a uniform body of diasporic venture activities. Although this field of research is rather

new, literature already suggests the multitude of facets of diaspora entrepreneurship (Elo 2016; Elo et al. 2015; Harima et al. 2016). Diaspora entrepreneurship can be structured (1) along the ‘migration path’ (e.g. one-way diasporans, cyclic diasporans, returnees), (2) according to the ‘direction’ of migration (e.g. from developing to developed countries or vice versa) or (3) the generation of migrants (e.g. first or second generation diasporans).

3 Leadership Concepts for Diaspora Entrepreneurship

In the light of the above-mentioned peculiarities of diaspora entrepreneurship, only a limited set of leadership concepts responds to this setting. The leadership concepts portrayed in this section try to take into account the different constellations of diaspora entrepreneurship.

Figure 1 provides an intendedly simplified overview of typical conditions in case of diaspora entrepreneurship. The figure rests on two dimensions, one of the external (VUCA setting), the other of the internal kind (resource setting). Starting with the external dimension, it is assumed that VUCA is a pervasive phenomenon that occurs in almost every diaspora entrepreneurship endeavor. However, sometimes the overall situation is manageable, in other cases, however, so serious that it may get out of the control of the entrepreneurs involved. More precisely, diaspora entrepreneurship has to assess the specific blend of VUCA factors. E.g., are there any self-reinforcing effects as for the interplay of VUCA factors? If so, do they challenge the leadership capacity of diaspora entrepreneurs severely? Sometimes, these VUCA pressures are so extreme that situations may get out of control. In such settings, diaspora entrepreneurs need to look out for alternative leadership models to develop a sound

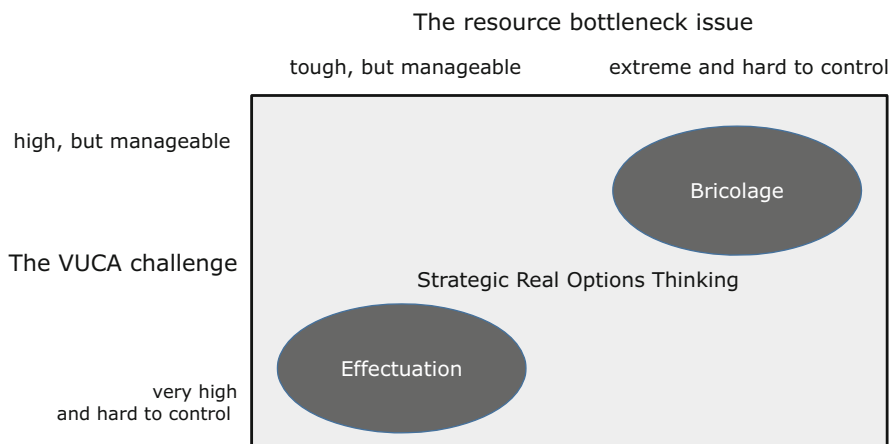


Fig. 1 Contexts and leadership concepts in case of diaspora entrepreneurship (Source: Own illustration)

response to these settings. It is argued below that Sarasvathy's (2001) effectuation concept provides a response to these settings.

As for the second dimension, the liabilities debate mentioned above reminds us to consider explicitly the resource constraints and the available resources that may frame the diaspora business. As for the resource endowment, availability implies not only fully-owned resources, but e.g. also network relationships. Once again, we often do not find diaspora entrepreneurs with 'deep pockets', but very often settings where resources are scarce, but not too much constraining the development of a business. However, sometimes the situation is so problematic that diaspora entrepreneurs have almost nothing at hand. As history tells us and more recently evidence from all over the world suggests, people leave their country-of-origin in poverty and due to lacking economic perspectives. Poor and separated from one's own social networks with low chances of getting employed, they become necessity entrepreneurs with sometimes extreme resource shortages. Thus, leadership models are required that take into account such situations with almost nothing at hand.

Figure 1 does not only portray these challenging constellations, but also suggests selected leadership concepts as a response. The selection is based on the core criteria mentioned above: (1) preparing diaspora businesses for a VUCA-based (business) world as for the external issues related to leadership and (2) considering the specific resource situation of diaspora entrepreneurship as for resource endowment and resource shortages (internal issues). In case of severe resource shortages, the concept of bricolage (Lévi-Strauss 1966; Baker and Nelson 2005) provides a set of means to move on for diaspora entrepreneurs. It is argued that the same holds for Sarasvathy's (2001, 2008) concept of effectuation in case of precarious VUCA constellations. Over and above this, the concept of 'strategic real options thinking' according to Collan et al. (2014) is complementary in both settings and more generally in similar ones. All the three concepts relate to the above-mentioned research on entrepreneurial orientation, entrepreneurial functions and traits as the concepts also represent archetypes of different facets of entrepreneurial orientation, functions and traits. In the remainder of this section, the three concepts are presented one by one. To avoid misunderstandings, neither bricolage nor effectuation are bound to the mentioned settings, but applicable in other situations as well. Moreover, they are not mutually exclusive, but can be combined depending on the context. Insofar, assigning these leadership concepts to the mentioned settings is a didactical simplification. However, due to the situational fit, it is argued that this simplification might be useful. For clarification reasons, it is important to mention that the space constituted by Fig. 1 is not a specific one for diaspora entrepreneurship, but may apply in other entrepreneurship or management settings as well. Nevertheless, the space is useful to reflect the particular situation many diaspora entrepreneurs are in.

Bricolage and Resource Shortages of Diaspora Entrepreneurs If people face situations with almost nothing at hand, it makes sense to watch the surroundings alertly to identify things that are freely available or treated as rubbish by other ones (Lévi-Strauss 1966). Bricoleurs or bricolage-oriented people follow these tracks and try to make sense of almost everything by creatively experimenting. As open-minded

people, they learn to observe situations carefully, to give (new) meaning to (old) things by restructuring based on their own intuition and experience. They differ from other people by simultaneously creating a new resource constellation and checking out its usefulness (Baker and Nelson 2005). This makes the difference between bricoleurs and engineers.

Duymedjian and Ruling (2010) point to three parts that constitute bricolage. The first part is the 'repertoire'. As to this context, the repertoire represents the knowledge and skills of diaspora entrepreneurs as their core resources. It is a clear indication that the metaphor of 'nothing at hand' only indicates lacks of tangible and financial assets. However, the intangibles forming the repertoire are to some extent much more valuable in this particular context as they build the ground for developing a new business concept. Over and above of this, this repertoire helps compensating bottlenecks of other resource categories. Dialogue is the second part of bricolage. Once again, this sub-construct is meant in a more metaphorical sense as it does not really point to dialogues between people, but connections between elements of a potential result, i.e. a solution, a product or a business concept. In terms of the resource-based view (Dierickx and Cool 1989; Freiling 2004), the meaning is close to 'interconnectedness'. It is to some extent a discovery process to identify things that could be beneficial to founding a company and developing a business concept. Thereby, the value of things is nothing that is finally given, but depends on ideas how to make use of it (Baker and Nelson 2005). Stenholm and Renko (2016) argue that bricolage also comprises the purposeful manipulation of existing resources which perfectly fits to the entrepreneurship concepts mentioned above. Besides that, the term 'dialogue' indicates that constellations of assets are typically not static, but of temporary nature to shape new constellations. In a similar vein, diaspora entrepreneurs try to combine resources at hand for the sake of permanent improvements. The third part of the bricolage triad is the result. Dialogue and result are not really separable and based on one result new dialogues may appear.

Why is bricolage a useful concept for diaspora entrepreneurship when it comes to severe resource bottlenecks? Bricolage does not take the situation for granted, but deals with internal locus of control and adopts a rather creative and voluntaristic point of view. It traces diaspora entrepreneurs back to their very basic resources they control in every situation: their knowledge, their skills, their entrepreneurial passion and their volition. In such situations as resource bottlenecks they are the core of the solution and represent something like a kernel for developing alternate business concepts. Lessons from micro-business and micro-finance (Bruton et al. 2011) show the possibilities of these resources as levers of new businesses. The usefulness of the bricolage concept, however, stems not only from the constructive and forward-looking way of thinking (i.e. a special kind of entrepreneurial orientation) and certain traits (e.g. internal locus of control, risk-taking propensity), but also from the way of action in a rather entrepreneurial manner. Insofar, certain diaspora entrepreneurs tend to replace limited networks formed by more or less weak ties (Granovetter 1985) by stronger ties. Their situation urges them to build lasting relations with door openers for the own business. To this end, they create relationships with employees

and partners that compare to family structures. This helps providing a critical mass of assets to build a sustaining business. Moreover, in case of extreme resource shortages everything can be to some extent meaningful: things (waste included—who defines what waste is?), information or social capital. From a viewpoint of traditional leadership approaches, the bricolage concept is to some extent strange and hard to implement. In the mentioned setting the opposite holds.

Effectuation and VUCA Challenges of Diaspora Entrepreneurship Coping with VUCA is from a leadership perspective nothing really new. However, the development, acceleration and multiplier effects among the four categories pass a virtual boundary that questions traditional ways of leadership. Sarasvathy (2001, 2008) contrasted causation and effectuation. As a consequence, there are certain VUCA-based settings where planning, setting goals, developing and implementing strategies in the causation-based style does not really work anymore. At the same time, there are no evident critical factors of success that are stable enough to develop a strategy around them. Insofar, new concepts challenge established ways of leadership, but cannot be implemented easily in organizations with strong dominant logics based on causation. In ventures like diaspora entrepreneurship, however, the situation is different. The business context is, from the viewpoint of diaspora entrepreneurs, largely unknown, as to the mixed embeddedness background more complex and often in connection with that ambiguous. Diaspora entrepreneurs do not really feel a need to report and defend their chosen procedure to others. Although there is no general need to change from causation to effectuation, they are open for leadership concepts like effectuation.

Effectuation (Sarasvathy 2001) questions the usefulness of predictions in a principally uncertain future. Given the fact, that predictions are barely possible, (diaspora) entrepreneurs do not go for forecasts like this. Instead, they make themselves aware of their potential and their resources and wait for what may happen in business. Facing the events as they occur, they try to maneuver their ventures in the most promising way for the business in order to turn even unfavorable developments in favorable ones. Based on this, effectuation is about following a set of five principles (Sarasvathy 2001). First, the ‘bird in hand’ principle implies that entrepreneurs make themselves aware of what they are, what they have and what they may achieve. Oppositely, they do not bother too much of their VUCA-based challenging surroundings or setting strict goals, but try to do the doable the best they can. Second, the principle of ‘affordable loss’ is a shift away from profit expectations to managing the downside risk. If diaspora entrepreneurs develop their businesses in highly unfamiliar and uncertain settings, they do not think in terms of profit or competitive advantage, but they put survival on the front seat. Whenever they have to make decisions, they avoid constellations where they can lose everything. Third, the ‘lemonade’ principle is about making the best of apparent unfavorable events by finding a good approach how to deal with it and by avoiding and/or dealing with surprises. In case of diaspora entrepreneurs, this is often possible—unlike in case of established companies with strong commitments. The low level of commitments allows higher degrees of responsiveness which helps

coping with principally problematic developments. The fourth principle, ‘patchwork quilt’ postulates the formation of useful partnerships like diaspora networks that help developing the business, e.g. by co-creation processes. Fifth, the ‘pilot in the plane’ principle suggests to control the things and activities that can be controlled rather than to predict (Sarasvathy 2008). Predictions run the risk of under-estimating the power of non-established factors and rules. They often anticipate that future develops based on the same set of forces that constituted the present situation. This, however, is very often not the case—and most recent disruptions reveal that this development is reinforced rather than weakened.

The meaning of effectuation for diaspora entrepreneurship was already indicated. To move on, effectuation allows diaspora entrepreneurs to keep their entrepreneurial spirit and to avoid discouraging from VUCA-related developments. More, effectuation helps diaspora entrepreneurs to use VUCA as a chance of renewing and reinforcing their business. This is caused by the physical and mental responsiveness addressed by the concept that is in line with the situation of diaspora entrepreneurs. The mixed embeddedness of diaspora entrepreneurs could be understood as a driver of making better predictions based on transnational experience. However, this does not mesh with effectuation. It is more the experience to interpret developments by this expertise of diasporans that allows alert moves in case of detrimental developments within industries.

Strategic Real Options Thinking and Diaspora Entrepreneurship A concept that unites resource shortage considerations and VUCA orientation is strategic real options thinking (SROT). SROT is different from real options theory in assuming uncertainty rather than risk in decision-making and modeling entrepreneurially acting persons and organizations in such settings (Collan et al. 2014). SROT seeks to explain corporate survival which is very close to what entrepreneurs typically strive for (Collan et al. 2014). Survival is explained by the availability and use of dynamic capabilities that rest on sensing, seizing and reconfiguring activities (Teec 2007)—as Fig. 2 suggests. This way of thinking stresses the relevance of intangible resources like knowledge, experience and skills, but at the same time emphasizes the need to change in order to circumvent precarious commitments when e.g. core competences may turn into core rigidities which may happen quite often in a VUCA-based world. However, SROT goes one step further and seeks to explain corporate survival by considering resource shortages and rigidities in VUCA settings. This directly related to issues of diaspora entrepreneurship.

From the viewpoint of diaspora entrepreneurship, one of the most important issues for entrepreneurs is opportunity seeking. Based on mixed embeddedness, intercultural competencies and diaspora networks, diaspora entrepreneurs find themselves in a privileged position to start respective processes. As for *sensing* opportunities, SROT suggests two different ways how to proceed. First, diaspora entrepreneurs may identify existing real options by alertly scanning the market. This is exactly the track of the Kirznerian (1973) entrepreneur. Equipped with superior orientation and alertness, real options identification may lead to building bridges between businesses in the countries the diaspora entrepreneur was or is embedded in. Second, diaspora entrepreneurs can create new real options that did not

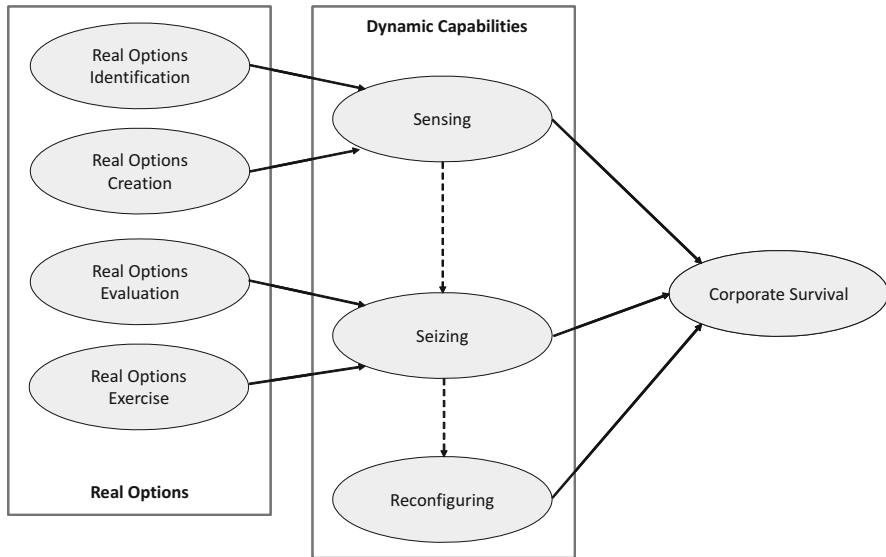


Fig. 2 Strategic real options thinking (Source: Collan et al. 2014: 177)

exist before. Such a procedure is proactive and innovative and, thus, corresponds to the entrepreneurial orientation construct of Lumpkin and Dess (1996). It takes the Schumpeterian (1934) type of entrepreneurs. Questioning a given industry or market structure may be an option also for diaspora entrepreneurs: despite of resource bottlenecks their commitment to prior decisions is rather low and their imagination often high enough.

In terms of *seizing*, diaspora entrepreneurs are well advised to evaluate the set of proactively created or/and identified real options carefully. Coming back to the context of diaspora entrepreneurs, it is necessary to develop a certain number of real options before making a decision, as a decision under severe resource scarcity may sometimes not be reversed and cause a failure of the entire venture. Even in situations like the ones of diaspora businesses, it is good to generate alternatives and to make a deliberate decision what to do. This prepares the decision of real options exercise. Basically, diaspora entrepreneurs have different decision alternatives at hand. They can defer, expand, abandon a project like a venture, they can make changes to operations or temporarily shut down operations—maybe to go for a re-start later on (Collan et al. 2014). Whatever, the seizing may be about, it prepares the follow-up step of *reconfiguration*. Reconfiguration can be seen as a pervasive task of every business, particularly diaspora businesses. This reconfiguration does not only imply a change of structures, solutions or business concepts, but sometimes also mind-sets.

Against this background, strategic real options thinking can be regarded as an accompanying leadership approach that complements both effectuation and bricolage. Moreover, this way of strategic and entrepreneurial thinking is applicable in other settings according to Fig. 1 as well.

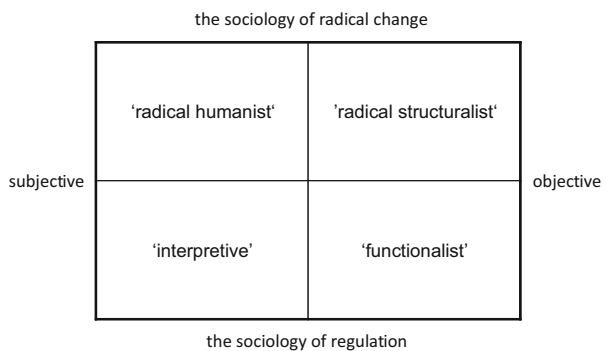
4 Theoretical Implications

The previous section identified leadership concepts that mesh with certain settings. As such, they may provide a certain orientation, here particularly for diaspora entrepreneurs. The concepts point to the essence of resources and the related opportunities to capitalize on own creativity, intuition, skills and contacts as well as the fact that also challenging circumstances leave room to unfold businesses and to look for the neglected. So far, so good—however, where are these concepts located in theoretical terms? Do they implicitly or explicitly adopt a certain world-view and what can be done to provide them with a sound theoretical foundation? Basically, these questions take longer considerations to provide comprehensive answers. Nevertheless, also a brief look into paradigms of organization and management theory already provides us with a sense of direction.

Burrell and Morgan (1979) developed a two-dimensional map of theories and paradigms of organization and management theories that is relevant to entrepreneurship theory as well. As Fig. 3 suggests, theories in this system can be differentiated by two factors or sociological debates. One debate is related to the question whether there is an ‘objective reality’ that can be perceived by everyone or whether perception is subjective and, thus, depending on the perception and interpretation schemes of the single person. To trace this debate directly back to diaspora entrepreneurship, diaspora entrepreneurs find themselves often in settings where opportunity identification and/or generation is depending on individual ideation, perception and sense-making. So to speak, entrepreneurship as a process depends on ignorance of other actors in the market that opens business horizons for alert entrepreneurs. Although this constellation is quite usual for entrepreneurship, one cannot principally exclude that e.g. in mature markets and micro-businesses circumstances can be rather evident and uniform that also objectivism may play a minor role to provide a theoretical background.

Burrell and Morgan’s (1979) second debate is about the sociology of regulation versus radical change. Regulation points to situations where things are stable or, at best, evolutionary. The dominant notion is equilibrium. Radical change, however, departs from equilibria and focuses the opposite: disequilibria. According to the

Fig. 3 Paradigms for the analysis of social theory (Source: Burrell and Morgan 1979: 22)



Burrell and Morgan (1979), these constellations rest to a large extent on conflict. There may be some discussion when transferring this debate to the context of diaspora entrepreneurship. In its very nature, diaspora entrepreneurship rests on constructs of the entrepreneurial orientation school and the entrepreneurial functions school. It is this explorative touch that questions given situations and tries to build something new. These novelties challenge existing business concepts and, thus, create conflict that may lead to processes of ‘creative destruction’ as Schumpeter (1934) outlined. Insofar, diaspora entrepreneurship, backed up and inspired by bricolage, effectuation and strategic real options thinking, often finds a home in the radical change sector, but—once again—at least evolutionary change cannot be generally excluded.

As Fig. 3 illustrates, Burrell and Morgan (1979) identify four different paradigms against the mentioned background. Where does theory-based research on diaspora entrepreneurship find a home when addressing leadership models as the ones mentioned above? The reasoning above favored the so-called ‘radical humanist’ paradigm. The more we look at disruptive business concepts, the more this impression holds. Particularly, more explorative entrepreneurship theories like the one of Schumpeter (1934) belong to this paradigm that focuses the role of human capital as driver of change. Nevertheless, also the interpretive and the radical structuralist paradigm offer a fertile theoretical back-up for research on diaspora entrepreneurship. The discussion above on SROT revealed that this leadership concept is rooted in the dynamic capabilities approach (e.g. Teece 2007) that is evolutionary and subjective in nature—and belongs despite considerable closeness to the radical humanist paradigm to the interpretive paradigm. The other ‘neighbor’ is the radical structuralist paradigm where, among others, the new institutional theory is located. This approach can be useful for providing input to the bricolage concept as it stresses signification processes.

Whereas the three mentioned paradigms offer useful theories relevant to diaspora entrepreneurship, the same does not really hold for the functionalist paradigm. This paradigm, however, is the ‘home paradigm’ of most (traditional) theories of strategic management. To close this loop, this also makes a difference between management and entrepreneurship. Locating the leadership models against the Burrell and Morgan (1979) paradigms, clarifies the world-view and the basic understanding what leadership in this contexts is about: shaping the individual situation of diaspora entrepreneurs rather than making adaptations to a reputedly given context.

Coming back to the initial question whether diaspora entrepreneurship is special in terms of content or context, the debate implies a move from ‘either-or’ to ‘as well as’. One cannot really ignore the specific surroundings of diaspora businesses that are to a large extent constitutive. However, there is also some evidence that diaspora entrepreneurship is in some regards different in nature. To carve this out, can be an interesting challenge for future research.

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The Role of Diaspora Entrepreneurship in Economic Integration of Diasporans in the Polish Context



Jan Brzozowski

Abstract This explorative study tries to shed some light on the linkage between diasporan self-employment, diaspora transnational activities (and diaspora entrepreneurship in particular) and diasporan economic integration. We take advantage of the unique pilot sample of 200 immigrants with permanent residence status who work or/and conduct business activities in Małopolska, an administrative region in southern Poland. Due to the different cultural background and migrant trajectories of the respondents (immigrants originating from Armenia, the Middle East and North Africa/MENA countries, Ukraine and Vietnam), a rich questionnaire which contains detailed information on economic integration and transnational activities and complementary information collected through in-depth interviews and focus interviews, we are able to test some initial propositions on the role that diaspora entrepreneurship plays in the economic integration of diasporans in a host country.

1 Introduction

The inflow of immigrants and refugees into the EU member states is constantly on the rise, driven by the instability in the Middle East and North Africa (henceforth: MENA) region and the labor shortages in the developed economies, especially at the lower-end of the market. Unfortunately, this inflow is accompanied with the rising concerns of Western societies over the possible threats that newcomers can bring to host countries (Marino and Dawes 2016), and anti-immigration hysteria has become a central point of the political discussion in the EU, leading to British decision to leave the Union expressed in referendum in 2016 and the rise of popularity of extreme right parties in other member states. This issue is becoming also increasingly important for many countries of Central and Eastern Europe. In this case, the Polish case is notable: although Poland has been traditionally and still remains as an

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important country of emigration, even the relatively small inflow of new immigrants in the recent few years and the refugee crisis in the EU had dramatic implications. In 2015, the “migration problem” became one of the most important topics in the electoral campaign for the Parliament, and many politicians both from the opposition and governing parties have used anti-immigration rhetoric to gain voters’ support. This abrupt change in public discourse on immigrants had also a negative impact on the Polish society. According to the Polish Commissioner for Human Rights Office, the registered cases of racists and xenophobic aggressions towards Muslim and Arabic individuals in Poland has risen three-fold: from 64 cases in 2015 to 196 cases in 2016 (Gazeta Wyborcza 2017). Therefore, the research on immigrant socio-economic integration and cultural adaptation is once again in the spotlight and is the object of increased attention of policy-makers and journalists.

Among most lively debated issues connected to the economic integration of immigrants in host countries is the ethnic and immigrant entrepreneurship (Brzozowski 2015). It is estimated that many foreigners tend to be more frequently self-employed than the native population (Borjas 1986; Yuengert 1995). Such phenomenon gained the attention of policy-makers, as the goal of integration policies in most host countries is to assure that immigrants would not abuse social benefits and will become fiscal net providers (Rath and Swagerman 2016). Still, the results of studies on ethnic and immigrant entrepreneurship is ambiguous in terms of economic benefits it brings to those individuals in terms of the economic integration in a host country. One strand of research portrays such self-employed immigrants as poor performers, who operate mostly in the niches left by the native population, in which there is a lot of risk, instability, long working hours and small profits (Hjerm 2004; Wang and Lo 2005; Beckers and Blumberg 2013). Such immigrant businesses are therefore very often short-lived, employ very few people and offer extremely harsh working conditions, thus maintaining immigrants at the margin of the economy and society. On the other hand, other strand of research portrays immigrant entrepreneurs as successful individuals, who thanks to their ethnic networks and access to ethnic-specific resources are able to see opportunities and explore them better than the natives. In such case, the self-employment is a way for immigrants to get economic independence, but also socio-economic advancement in host country (Constant and Shachmurove 2006; Sahin et al. 2012).

Within this more positive research approach on immigrant entrepreneurship, two interrelated concepts need a closer attention: namely the transnational immigrant entrepreneurship and transnational diaspora entrepreneurship. Transnational entrepreneurship was inspired by migration studies and research on migrant’s transnationalism (Schiller et al. 1992; Foner 1997; Vertovec 1999). Transnational paradigm challenges classical assimilation model, which assumes a gradual and linear absorption of newcomers into socio-cultural and economic mainstream of the host country (Gordon 1964). According to this theory, many immigrants are able to pursue a different strategy, which implies dual activity both in the home (origin) country and at the destination (Schiller et al. 1992). Such strategy can be understood as an alternative mode of immigrant adaptation, and the immigrant can live simultaneously in two socio-economic environments, maintaining linkages and being

attached to both cultures (Portes et al. 2002). Consequently, transnational immigrant entrepreneurs are the immigrants who maintain their economic activity both in their home and host country (Drori et al. 2009; Ribeiro et al. 2012). Thanks to transnational networks they are able to reap unique advantages over competitors, having access to crucial resources: specific goods and services, financial capital, know-how, expertise and information (Katila and Wahlbeck 2012). According to recent empirical studies, there is some supportive evidence that transnational entrepreneurs are performing better than other, non-transnational immigrant entrepreneurs (Brzozowski et al. 2014), but also than the native entrepreneurs (Saxenian 2006).

Transnational diaspora entrepreneurship is a concept that is quite close to transnational immigrant entrepreneurship, but there are also some important differences (Elo 2016). First, transnational diaspora entrepreneurship is much more inclusive term, which encompasses not only first-generation immigrants (as in the case of transnationalism), but also their descendants from second and further generations, as long as they maintain their ethnic heritage (Elo et al. 2015). Second, here the importance of diaspora (Riddle and Brinkerhoff 2011) and its development potential for the source countries is stressed (Minto-Coy 2016a). Therefore the ethnic group engaged in transnational diaspora entrepreneurship is dispersed across multiple (i.e. more than solely two: home and host country) locations, and those businesses are able to get access to unique resources through intra-diasporic networks which link co-ethnic communities both internationally (f.i. Armenians in Russia are linked to Armenians in the US and France) and locally (f.i. Turks in Cologne are linked with their co-ethnic peers in Berlin). Moreover, this term allows for inclusion of diaspora entrepreneurs who are connected with their diaspora community indirectly, through such local intra-diasporic networks, as the direct engagement in transnational/cross-border activity is sometimes too costly. Consequently, in this paper we will apply a term transnational diaspora entrepreneurs to describe immigrant entrepreneurs who use direct international diasporic networks in their business activity, and diaspora entrepreneurs are understood as immigrant entrepreneurs who might take advantage of such networks indirectly, through co-ethnic intermediaries in the host country.

This paper contributes to the literature on the role of diaspora and transnational diaspora entrepreneurship in the economic integration of immigrants by analyzing the situation in Poland, a host country which so far has been seldom investigated. Moreover, the added value of the paper is the combination of qualitative and quantitative approaches. The aim of this paper is mostly explorative. We investigate the impact of diaspora entrepreneurship on economic integration of immigrants in a relatively new country of immigration. We take the advantage of the pioneering pilot survey of immigrants from Armenia, MENA countries, Ukraine and Vietnam who reside in Malopolska, an administrative region in southern Poland. This survey has been carried out between January and March 2014 (Brzozowski and Pędziwiatr 2014). This sample is very useful for explorative purposes, as it includes data collected through multiple methods: a qualitative questionnaire (200 respondents) is supplemented by 40 in-depth interviews and 4 focus group interviews. Using this dataset, we examine the linkage between self-employment of immigrants, diaspora

and transnational diaspora economic entrepreneurship and socio-economic integration. More precisely, we extend typology of diaspora entrepreneurship developed by Elo (2016) through adding the dynamic aspect of enterprise development and linking this dimension to socio-economic integration of immigrants.

The structure of this paper is as follows: first, we discuss most relevant theoretical concepts on immigrant and diasporan integration, transnational and diaspora entrepreneurship to develop propositions. Then we describe the methods applied, present the dataset and describe the context of the host country (Poland). Then the empirical analysis follows, which relies on descriptive statistics, but also case studies based on in-depth interviews. The final section concludes the chapter, offering some political implications and puzzles for further research.

2 Socio-Economic Integration and Diaspora Entrepreneurship Through Theoretical Lenses

The first theoretical approach which helps to explain the linkage between diasporan economic integration and diaspora entrepreneurship is the assimilation paradigm (Waters and Jiménez 2005). It suggests that a gradual absorption of diasporans into the mainstream economy at destination takes place. Diasporans initially are employed in less attractive positions, as they lack country-specific human and cultural capital and experience. Then as they acquire new skills, they start an upward mobility, a process that can be slow and include several generations. In this regard, diasporan self-employment¹ is both manifestation of the assimilation advancement—as business startup requires knowledge of laws and administrative procedures in host country—and at the same time contributes to the increased pace of upward mobility (Xi et al. 2010).

The classical assimilation model is challenged by segmented assimilation, which suggests that diasporans might follow different socio-economic strategies and end up in different socio-economic positions than the native population. Due to the interplay of both structural factors of the host country, the personal characteristics of the diasporan and the ethnic resources of the group, the self-employed individuals can remain in the ethnic enclave or pursue economic activities in the markets left by native population due to their small attractiveness (Mata and Pendakur 1999; Valdez 2006, 2012). Connected to this theoretical approach are the ethnic enclave paradigm and ethnic economy theory. Both of them show that diasporans from the same ethnic groups concentrate in specific geographical locations, thus forming special niches in the economy of the host country (Cobas 1987; Hou 2009). The geographical concentration, development of ethnic-specific financial and economic institutions

¹We are aware of potential terminological pitfalls while using the term self-employment. A more in-depth discussion is provided by Szarucki et al. (2016). In this paper, we treat self-employment and entrepreneurship as synonyms.

and the cooperation through ethnic networks are thus factors that contribute to the creation of the new firms by diasporans (Rajman and Tienda 2003). In such a case, the entry to self-employment is relatively easy for insiders, while the strong ethnic ties keep the ethnic enclave relatively closed to outsiders (Andersson and Hammarstedt 2015). This approach is very useful in explaining the creation of the diasporan enterprises, however says very little about their future evolution and development.

A relatively new concept, developed within entrepreneurship research, is the mixed embeddedness framework. This theory suggests that the ethnic self-employment is the result of the interplay of various factors, which include both personal characteristics of an individual (human capital endowment, access to financial capital, experience) and of the ethnic group (the size of ethnic networks and propensity to ethnic cooperation and solidarity), combined with the structural conditions of the host country, such as market conditions and regulatory issues (Kloosterman and Rath 2001; Rath and Swagerman 2016). Thus, this theory provides a set of explanatory variables, useful especially for the quantitative approaches. The main weakness of this approach is that it neglects the personal motivations and expectations of entrepreneur, putting more emphasis on structural factors at destination.

Finally, the transnationalism approach points out at an alternative form of immigrant economic adaptation in host economy (Levitt 1998; Zhou and Liu 2015). According to this paradigm, diasporans can successfully maintain economic operations both in home country and at the destination. Transnational diaspora entrepreneurs are able to reap unique advantages over competitors, having access to crucial resources: specific goods and services, financial capital, know-how, expertise and information (Katila and Wahlbeck 2012).

Moreover, the transnational paradigm offers a new perspective on diaspora entrepreneurship, linking the personal motivations and strategies of diasporans with their economic integration at the destination. The economic integration in the host country is severely influenced by the possible homecoming integration. In fact, many diasporans are hoping to return to their home country (Dustmann 1996). This “myth of return” even visible even in the case of second- and further generation of diasporans born in the host country. By pursuing transnational activities both in private and business sphere, they also “keep all options open”, allowing for definite return to home country (King and Christou 2014).

In this sense, it is worth to remember that not only diasporic businesses and diasporans change over time, but so do the home and host countries economies. Maria Elo in her paper on typologies on diaspora entrepreneurship clearly shows, that the diasporans do not only go from developing into developed countries (Elo 2016). She classifies diasporan entrepreneurs by two dimensions: the nature on the home and destination country, each time allowing for three values: developing, emerging and developed economy. As she rightly points out, the movements occur not only from developing and emerging countries to developed, but also in an opposite direction, thus yielding nine types of diasporan entrepreneurs: “poor-to-poor”, “less poor-to-poor”, “rich-to-poor”, “poor-to-less poor”, “less poor-to-less

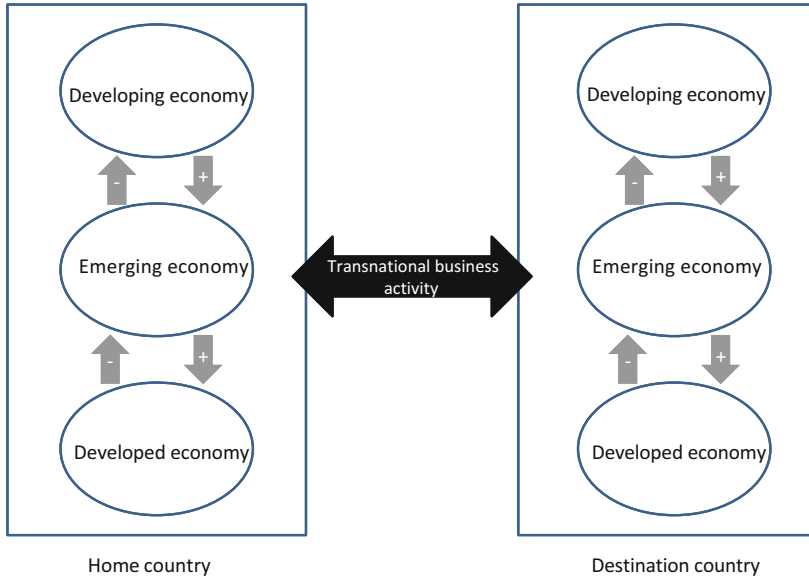


Fig. 1 Economic evolution of home and destination countries: impact on diaspora entrepreneurship. Source: own elaboration based on Elo (2016) typology

poor”, “rich-to-less poor”, “poor-to-rich”, “less poor-to-rich” and “rich-to-rich”. We find this framework very useful for subsequent theoretical and empirical analysis on the evolution of diasporan entrepreneurs, thus we make a small adjustment to fit it into a current study, by replacing developing-emerging-developed values with World Bank income classification, where “poor” accounts to “lower income”, “less poor” to “lower middle” and “upper middle” income and finally “rich” equals “high income”.²

This typology is even more useful when we add a dynamic dimension, allowing for the transformation of both home and host countries (Fig. 1). The destination country can be hit by a serious economic recession, which diminish the economic opportunities for diasporan entrepreneurs and reduces the attractiveness of this environment in terms of conducting further business activities. On the other hand, the home country can also change, for instance by advancing economically from low income to lower middle income category, which in turn offers new perspectives and opportunities for future investors. In such a case, the diasporan entrepreneurs are potentially in favorable situation, as they possess not only financial capital and entrepreneurial skills, but also have country-specific cultural capital that allows to exploit those opportunities more effectively than in the case of foreign investors. In

²This modification is due the fact that “emerging economy” category is very broad and includes not only high income countries as Poland, but also poorer economies of Armenia, Uzbekistan or Vietnam.

fact, the experience of such economies as China or India clearly show that diaspora investment played a pioneering role in transformation of these countries (Smart and Hsu 2004; Kapur 2010). Moreover, diasporans can play a key role in the growth and internationalization processes of businesses that operate in a source country (Minto-Coy 2016b). In such a case, a diasporan entrepreneur might either start transnational business activity, form partnerships with existent firms at home or even consider return migration, to reap the benefits of this economic boom.

Based on this theoretical discussion, we formulate three tentative propositions which will be tested in empirical analysis:

Proposition 1: Diasporan entrepreneurs experience better economic integration/advancement than other diasporans.

Proposition 2: Transnational diasporan entrepreneurs experience better economic integration/advancement than diasporan entrepreneurs without transnational linkages.

Proposition 3: Transnational economic engagement of diasporan entrepreneurs is a dynamic process and might be intensified/started when the economic situation at home country is improved.

Therefore, we expect that entrepreneurship and transnational entrepreneurship in particular, has a positive impact on diasporans economic integration. The economic integration in our study is understood as the individual's income as compared to the average income in the host country. Moreover, we expect that transnational economic engagement depends positively on the economic conditions in home country of diasporans.

3 Methodology and Data Collection

In this section, we describe the methods and dataset that will be used for empirical analysis. Our analysis is a two-step process: first, we investigate the linkage between diaspora and transnational diaspora entrepreneurship and the economic integration of diasporans. In the second step, we explore the development of diaspora entrepreneurship and the dynamics of transnational ties in particular. In the case of economic integration analysis, we apply simple measure of economic integration, which is the assessment of diasporan income in relation to host country median income. The explored variable Income takes 3 values (1—income below host country median, 2—income equals median, 3—income above host country median) and the income equation is estimated by simple multinomial regression. For investigation of diaspora entrepreneurship development and transnational diaspora entrepreneurship evolution, we explore a more qualitative aspect of dataset, linking data from quantitative questionnaire with information collected via in-depth interviews with diasporans and experts and focus group interviews. Then we present the case study analysis.

The dataset that we are using in this article was collected for the purpose of the project “Analysis of the current situation and the challenges for the integration of foreigners in Polish society: a case of the Third Country nationals settled in Małopolska voivodeship”, carried out in 2014. The project was mostly politically-driven and ordered by regional authorities, as its main goal was to collect crucial information on possible challenges and barriers in socio-economic, cultural and political integration of immigrants (defined as foreign-born persons) in Malopolska, an administrative region in Southern Poland. As the foreign-born population in Poland at that time was very modest—ca. 100,000 individuals in the country and ca. 10,000 persons in Malopolska, the collection of data was done via snowball sampling. Therefore, the sample is not representative for the entire population of diasporans in Malopolska, and the results of analysis are only explorative. In a period of January—March 2014, a team of research assistants collected 200 complete questionnaires—50 responses for each of the 4 ethnic group of interest (Armenians, immigrants from Middle East and Africa/MENA countries, Ukrainians and Vietnamese³). The respondents selected for the survey were foreign-born persons with a permanent residence status. The questionnaire used for quantitative survey was very complex and included over 100 questions (19 pages) relating to immigrant economic activity, private life, education and various dimensions of socio-cultural participation at the destination.⁴ The descriptive statistics of the sample is provided in Table 3. For the sake of subsequent investigation it is worth to note that a large share of respondents is identified as diaspora entrepreneurs (66 persons, equalling to 33% of the sample).

Additionally, for each of the ethnic group there were 10 in-depth interviews conducted, and the respondents were matched with the qualitative questionnaire. Each interview lasted about 60 min and was recorded and then subsequently transcribed. Finally, those interviews were supplemented by additional 10 expert interviews and 4 focus group interviews—1 for each ethnic group. This holistic approach allowed for collection of information on individuals, but also on their ethnic communities, institutions and networks. The detailed description of methodology is provided by Brzozowski and Pędziwiatr (2014).

4 Empirical Analysis

4.1 *Economic Integration of Diasporans*

In order to investigate the determinants of economic integration, we carried out an econometric analysis, which consisted of income equation estimation. As the

³The choice of these four ethnic groups was motivated by both their higher numbers among immigrants in Malopolska, but also their cultural heterogeneity. The individuals who have been selected to the survey were drawn from the category of legal and permanent residents.

⁴The Polish version of the questionnaire is available upon request.

explained variable consisted of 3 values (1—income below median at host country, 2—base, income at median, 3—income above median), the equation was estimated using the multinomial logit regression. The results of this estimation are provided in Table 1. Gender is an important determinant of economic integration, as females on average are less likely to obtain income above median, even after controlling for other personal characteristics as age and education. Older migrants are less likely to obtain lower income than median, other things being equal. Obviously, the acquisition of cultural capital of host country (as measured by proficiency in spoken Polish language) matters a lot and prevents from obtaining a lower income. The most important parameter for our analysis is the one for entrepreneurship variable (i.e. firm ownership)—it confirms the Proposition 1 that diasporan entrepreneurs experience better economic integration/advancement than other diasporans. Moreover, the diasporans whose economic situation before migration to Poland was favorable, are more likely to obtain higher income at destination. This can be explained by possible financial capital endowment upon arrival, which allowed for investments in country-specific cultural capital (f.i. language courses) or the creation of own businesses. Surprisingly, both the access to the ethnic network and having the social contacts with Poles had no impact on the economic integration, which is against the predictions of the assimilation and segmented assimilation theory. This puzzling result can be explained by a relative shallowness of the data on personal network size and scope.

The second specification of the model brings basically the very same results, but in this case we test for dummy variable TDE, which denotes transnational diaspora entrepreneurship. Apparently, being transnational diaspora entrepreneur does not matter for economic integration performance, thus we have found no support for Proposition 2 which suggested the positive impact of TDE on the economic integration. This result is also surprising and can be contrasted with the findings of the seminal study of Portes et al. (2002), which have clearly demonstrated that transnational entrepreneurs are on average much better integrated in socio-economic terms than other individuals.

4.2 *Analysis of Case Studies*

The preceding quantitative analysis of diaspora entrepreneurs in Malopolska will be now supplemented by more qualitative investigation of selected case studies. For the sake of our analysis, we have selected 8 diaspora entrepreneurs, for which both data from qualitative survey and from in-depth interviews is available. Therefore, we use the diaspora entrepreneur term in the following section to refer to the respective cases 1–8. The choice of cases was motivated by availability of data—only diaspora and transnational diaspora entrepreneurs were selected from the group of respondents with whom in-depth interviews were made, additionally we have selected representatives of each four ethnic groups. Due to predominance of male entrepreneurs only two female entrepreneurs were included and only one case from Ukraine (as in this group there was a clear aversion to become self-employed). These sources

Table 1 Determinants of economic integration (multinomial regression, dependent variable income below/above average income in Poland, base: average income)

	1						2					
	Below median			Above median			Below median			Above median		
	Coef	Se	Base: average income	Coef	Se	Base: average income	Coef	Se	Base: average income	Coef	Se	Base: average income
Age	-0.077*	0.043		-0.020	0.024		-0.098**	0.043		-0.011	0.023	
Gender (female = 1)	0.088	0.605		-0.784**	0.393		0.151	0.581		-0.755*	0.388	
Years if residence in PL	-0.016	0.066		0.101**	0.043		-0.018	0.065		0.115***	0.042	
No. of children	0.445	0.366		-0.188	0.219		0.332	0.357		-0.089	0.208	
Tertiary education (dummy)	1.439	0.940		1.328**	0.655		1.315	0.907		1.350**	0.658	
Current proficiency in Polish	-1.274***	0.492		-0.677**	0.283		-1.233**	0.486		-0.706**	0.279	
Firm owner (dummy)	-15.631	1057.818		1.041**	0.459							
Economic situation before migration	-0.047	0.318		0.563***	0.215		-0.004	0.316		0.513**	0.209	
Access to ethnic network (dummy)	-0.238	0.240		-0.268	0.179		-0.317	0.231		-0.190	0.175	
Contact with Poles (dummy)	-0.004	0.277		-0.020	0.163		-0.006	0.277		-0.056	0.163	
Transnational diaspora entrepreneurship (dummy)							-12.665	1068.095		1.545	1.189	
Constant	4.987**	2.444					5.729**	2.455				
N.obs.	193						193					
R2	0.234						0.198					

Note: ***p < 0.01, **p < 0.05, *p < 0.1; coefficients reported

of information are also supplemented with experts' interviews⁵ and focus group interviews.⁶ In this section, we will first describe the origins of each business within the frame of the process of economic integration in Poland, then we will comment on the development of diaspora entrepreneurship using Elo's classification as the starting point (Elo 2016). Finally, we will discuss the ties with the home country and other countries, and the manifestations of transnational diaspora entrepreneurship in particular. The Table 2 presents most important summary of this overview.

4.3 Business Origin and Economic Integration in Poland

Most of diaspora entrepreneurs included in this qualitative analysis have a relatively long migration spell in Poland, and have arrived to this country in early 1990s. This was a very peculiar moment in terms of economic possibilities: on one hand Poland was recovering from a huge crisis caused by the communist rule and the country was relatively poor (Lower Middle income, according to World Bank classification). On the other hand, Poland at that time was undergoing a very fast and dramatic economic transformation from centrally-planned communist economy to free-market state and capitalism. In this sense, Poland in the first decade of this economic transformation offered a sea of possibilities to entrepreneurial individuals, both native and foreign (EA2). Moreover, due to the initial stage of market development the entry barriers were relatively low. Consequently, Poland was relatively attractive destination for immigrants from lower middle income countries (such as Algeria, Armenia and Ukraine) or even low income country (i.e. Vietnam in early 1990s). These diasporans have started their business activities relatively early, often immediately upon arrival, representing in this sense "poor-to-less poor" or "less poor-to-less poor" diaspora entrepreneurship. Those start-ups were created usually with very little capital, as diasporans originated from households whose economic situation was at best modest (cases 2, 3, 4 and 8), or even very bad (case 1—mostly due to recession caused by Nagorno-Karabakh War).

These initial phase of entrepreneurship and at the same time economic adaptation in Poland was characterized by petty trade conducted at open-air fairs (EV8). These economic activity required relatively small capital, and more access to specific resources provided by ethnic networks, such as access to specific goods at attractive

⁵The experts were the representatives of each immigrant's community, usually leaders of immigrants's associations. In the case of Armenians and Vietnamese there were conducted two in-depth interviews with experts, while in the case of MENA migrants and Ukrainians there were three expert interviews for each. If cited, the interviews are marked as EXNo, where E stands for expert, X for migrant's group (A—Armenian, M—MENA, U—Ukrainian, V—Vietnamese) and No for number of interview.

⁶For each migrant group there was one focus group interview conducted. If cited, the interviews are marked as FX, where F stands for focus group and X for migrant's group (A—Armenian, M—MENA, U—Ukrainian, V—Vietnamese).

Table 2 Diaspora entrepreneurs included in case studies

Cases	Case 1 (P1)	Case 2 (P3)	Case 3 (P17)	Case 4 (P25)	Case 5 (P28)	Case 6 (P30)	Case 7 (P39)	Case 8 (P40)
Ethnicity	Armenian	Armenian	Ukrainian	Algeria	Tunisian	Turkish	Vietnamese	Vietnamese
Gender	Male	Male	Female	Male	Male	Male	Female	Male
Age	47	50	59	43	49	47	45	46
Length of stay (years)	22	21	20	26	5	14	23	22
Marital status	Married to Armenian	Married to Polish	Divorced (ex-spouse Polish)	Married to Algerian	Married to Polish	Married to Polish	Married to Vietnamese	Married to Polish
Type of diaspora entrepreneurship	Initially from lower middle income country to lower middle, now upper middle income to high income	Initially from lower middle income country to lower middle, now upper middle income to high income	Initially from lower middle income country to lower middle, now lower middle income to high income	Initially from lower middle income country to lower middle, now upper middle income to high income	From upper middle income country to high income	Initially from lower middle income country to lower middle, now upper middle income to high income	Initially from low income country to lower middle, now lower middle income to high income	Initially from low income country to lower middle, now lower middle income to high income
Firm's age	22 (legal status for 14 years)	3	17	3	3	10	18	13
Type of immigrant entrepreneurship (diaspora entrepreneurship)	DE	TDE	DE	TDE	DE	TDE	DE	TDE
Type of business	Trading stand at fair	Trade (store with electronic equipment)	Trading stand at fair (curtains and cloth)	International trade and brokerage services	Kebab kiosk (small restaurant)	Ethnic restaurant	Trading stand at fair	Catering and hospitality
Business partner	No	No	No	Yes, Polish spouse	No	No	No	Yes, Polish spouse

Economic situation before migration	Very bad	Average	Average	Good	Average	Good	Average	
Previous occupation in Poland	Same, but semi-legal trade on fair	Semi-legal trade on fair	Legal trade on fair (shoes and clothing)	Came to study in Poland, after graduating involved in many business activities, mostly trade	Previously very bad experience in Poland (1999-2002, including personal problems and deportation), came back because of marriage with Pole	Previously bakery and cake produce with Polish father-in-law	Worked in family restaurant, later trading stand in Warsaw, then moved this business to Krakow	Came to work as cook in a hotel restaurant, opened his own restaurant in Gliwice (Silesia region), then moved his restaurant to Krakow in 2008
Motivations for firm creation	Independence and economic advancement	Independence	Independence	Job loss/unfavorable working conditions	Independence and economic advancement	Unfavorable working conditions and economic advancement	Independence and economic advancement	Independence
Economic situation now	Good	Average	Good	Very good	Good	Very good	Good	Good
Persons employed (proxy for firm's size)	2	1	2	2	3	30	1	8
Ethnic composition of workforce	Co-ethnic from family	Co-ethnic from family	Co-ethnic from family	Mostly Polish	Co-ethnic and other foreign	Mixed (both Poles and immigrants)	Co-ethnic from family (husband)	Mixed (both Poles and immigrants)
Ethnic composition of clients	Mostly Polish	Mostly Polish	Mostly Polish	Polish and Algerian	Mostly Polish	Mostly Polish	Mostly Polish	Mostly Polish

(continued)

Table 2 (continued)

Cases	Case 1 (P1)	Case 2 (P3)	Case 3 (P17)	Case 4 (P25)	Case 5 (P28)	Case 6 (P30)	Case 7 (P39)	Case 8 (P40)
Firm's development (last 3 years)	Stable	Increase	Stable	Stable	Increase	Decrease	Decrease	Increase
Linkages to other countries	Private (family in the US), incidental private visits to home country	Previously business in Russia, incidental private visits to home country, consistent trade linkages to Armenia through intermediaries	Monthly remits money to family in Ukraine, frequent visits to home country but no intentions to return due to poor economic situation	Previous migration experience to Morocco, frequent private visits to home country, strong business cooperation with Algerian partners	Incidental private visits to home country	Previously worked in Germany (restaurant), regular visits to home country, crucial employees (including cooks) invited from Turkey, owns a house and has business partners in Turkey	Studied in Russia, regular visits to home country, intends to return to Vietnam for personal (old parents needing assistance) and economic reasons (improved economic situation in Vietnam)	Incidental visits to home country
Ethnic ties in Poland	Very strong, but only private	Strong in business and some in private	Very strong in business (allowed for successful business transformation), very strong private	Very strong in business and private	Very strong both business and private (Arabs, not only from Tunisia)	Some in business, very strong private	Some in business, strong private	Some in business, strong private
Ties with Poles	Strong private	Strong in business and private	Very strong private	Very strong private	Very strong private (Polish family of spouse)	Very strong private	Weak private	Very strong private

prices (clothing, shoes etc.) and services (such as trade credit). Most important, as the economic regulations were in a process of creation and implementation, many of those trading activities were conducted in illegal (f.i. without paying customs or taxes, cf. FA&FV) or semi-legal (i.e. immigrant had no permanent stay status, instead worked on tourist visa) way, like in the cases 1, 2 and 7. Especially Diaspora Entrepreneur 3 remembers the first decade of economic transformation as the “golden age” of Polish capitalism: even if the entrepreneurial activity was involved with long working hours and harsh working conditions,⁷ it provided high revenues. High profitability of trade business had positive outcomes: diasporans were able to secure a relatively high standard of living and decided to start a family life in Poland—with the exception of diasporan entrepreneur 4 all respondents have met their partners in Poland, and diasporans 2, 5, 6 and 8 have currently Polish partners.

The origin of business in the case of diasporans 5, 6 and 8 were somehow different. As they operate in restaurant industry, the barrier of entry was higher which was connected to necessity of having some capital at the start. In the case of diaspora entrepreneur 8 it took him 9 years in Poland to open his first ethnic (Vietnamese) restaurant. In the initial phase, however, he worked as a cook in a prestigious restaurant in Krakow, which enabled him to secure some savings and to become an entrepreneur. The diasporan 6 had an administrative problem: due his non-permanent status at the beginning, he was not able to open his own bakery, thus he was helped by his Polish father-in-law, who gave “name” to his business. Only after his permanent status was officially recognized, he was able to close the bakery and open his current firm, an ethnic restaurant. The final example is more dramatic: diasporan 5 initially came to Poland in late 1990s due to personal motivations (a relationship with Polish female). After some personal and economic problems he was officially deported from Poland and came back, as he married a Polish citizen. This time his stay was more successful both personally and in economic sense, as due to ethnic Arabic network in Krakow he was able to open a small, but profitable kebab kiosk in the old city centre.

4.4 Development of Diaspora Entrepreneurship and Transnational Activity

As the economic transformation in Poland was rather successful and followed by sustained and dynamic economic growth in 1989–2014 period, the economic conditions for doing business have also changed dramatically. After 2000, the petty trade on fairs started to be less profitable, as this type of trade has been gradually replaced by huge shopping malls. Poland has become a high income economy, and some of the markets became saturated, implying the necessity to restructure existing business models. These process had of course a major influence on diaspora

⁷Typical trading stands at fairs in 1990s were composed of a simple tent standing in a marketplace, thus traders suffered from cold temperatures during winter.

entrepreneurs who had either to close operations or to change their business models (Brzozowski and Pędziwiatr 2015). This transformation is visible in the cases 2, 3 and 4. Diasporan 4 was able to transform his simple trade stand to a wholesale trading firm and additionally supplement his firm operations by brokerage services to Arab companies who want to trade with Polish firms. Diasporan 2 was able to formalize his trading business and open a regular store with household electronic appliances. Finally, diasporan 3 still operates as a trader on a fair, but has changed her portfolio—instead of trading clothes and shoes, she has found another profitable niche: curtain and cloth trade. This transformation was possible due to her rich business and personal ethnic network: she basically was inspired by one of her friends to copy her business model.

As the economic situation has altered at the destination, so has it been transformed at the home country. This change is especially visible in the case of Armenia, who have moved from lower-middle to upper-middle income category and in Vietnam, who has advanced from low income to lower middle income level. These development processes at home country have major implications for diasporans located in Poland. First, as reported in the case of Armenians, the supply of new immigrants coming to Poland is almost non-existent. Young Armenians do not use migration networks to Central and Eastern Europe anymore: they tend either to stay in home country, and if they consider migrating, they choose other more attractive locations as Russia, Western Europe or the US (EA2). In this sense, the existing ethnic enclave—already poorly developed due to limited number of Armenians in Poland—is gradually eroding and Armenian businesses tend to lose their ethnic character. Second, for many diasporans the home country becomes much more attractive in economic sense. These economic magnet has implication both for transnational activities and for possible return decisions. In the case of diasporan 4, an entrepreneur originating from Algeria, his country has become not only an important market for trading activities, but increasingly important pool of new clients who want to enter the Polish market and who seek brokerage services. In the case of diasporan 7, a Vietnamese fair trader, a current business activity is not sustainable in the long run because of falling profitability. Still, the business model is supported for family reasons (i.e. until children finish school in Poland), and then she intends to come back to home country, as she sees an increasing economic potential in Vietnam. Those examples give some support to proposition 3 on possible increasing transnational engagement of diaspora entrepreneurs in source country due to economic development at home.

The discussion on transnational diaspora entrepreneurship has to be supplemented by the assessment of ties used by diasporans. In this sense, the professional business networks usually do not overlap with private ones: some entrepreneurs engage in transnationalism only on private basis (case 3), and some others—like the owner of the Vietnamese restaurant (diasporan 8)—use extensively transnational business ties with home country (mostly for recruiting new staff to his restaurant and to buy specific ingredients), but to a very limited extend on a private basis. Finally, there is a third type of diaspora entrepreneurs, visible in the cases 1 and 7. These petty traders do not have enough resources to pursue costly

transnational business connections with their home countries, especially as those locations are rather in very distant from the destination. Instead, they rely on internal ethnic networks, who link them with economic actors who act as transnational diaspora entrepreneurs and conduct wholesale trade across borders. Thus, the domestic ethnic networks connect indirectly diaspora entrepreneurs with their home countries. The most visible manifestation of this transnational connector is the ethnic enclave created by Vietnamese diasporans in Wolka Kosowska, a town next to Polish capital Warsaw. The trading centres of Wolka Kosowska gather the Vietnamese diasporans from the region, notably from Slovakia, Czech Republic and Hungary (Klorek and Szulecka 2013). Some of them work there in wholesale or retail trade, while others just come to purchase merchandise for their stores located at the countries of residence. Therefore Wolka Kosowska is the major trade Centre of transnational trade between Central and Eastern Europe and Asia, controlled mostly by Vietnamese and Chinese diasporan entrepreneurs. Many diaspora entrepreneurs, especially those who conduct petty trade at fairs, are unable to order merchandise directly in Asian market, therefore they conduct indirect transnational activities, by ordering goods through Wolka Kosowska trading centres (FV).

5 Conclusions

In this explorative study, we have investigated the linkage between the diaspora entrepreneurship, transnational diaspora entrepreneurship and economic integration in the host country. The results of empirical analysis confirm that diaspora entrepreneurship contributes to the improved economic integration of diasporans in the home country. Additionally, the investigation of case studies demonstrate that transnational diaspora entrepreneurship is a very dynamic phenomenon: some diasporans can start these activities only after they reach a certain threshold of economic advancement at destination. The diasporan entrepreneur's interest in the home country has both business and private dimensions, and the transnational ties from professional and private life tends to overlap. Consequently, for many diasporans the personal transnational linkages with home country or other diasporan communities in third countries can be subsequently activated for their business activity. This transnational entrepreneurial engagement of diasporans seems more likely when the home country's economic situation improves.

Albeit the data set used in this analysis is not fully representative and the results have to be treated with caution, the study offers some interesting perspective both for the policy-makers and researchers interested in transnational diaspora entrepreneurship. First, it offers promising options for administration of the home country, especially when designing sound diaspora policies. The study clearly shows that the economic potential of diasporans is substantial, as the entrepreneurs are usually in a better economic position than other diasporans. Still, the activation of this economic potential depends greatly on the socio-economic environment in the home country, which has to be favorable for business development. Moreover,

sound diaspora policies instruments can increase the economic attractiveness of the home country. Those instruments can include both positive factors as special investment programs, facilitated administrative procedures for diasporans and double citizenship, but on the other hand the dismantlement of some major obstacles. For instance, in case of Armenian diasporans, one of the biggest barriers for second- and third-generation representatives is the obligatory military service in Armenia. For this reason, the children of diasporans are afraid to visit the home country of their parents.

This study opens also new perspectives on the research on diaspora entrepreneurship and transnational diaspora entrepreneurship in particular. The application of mixed methods approach in this case has shown that such holistic approach is much more promising than a simple qualitative or quantitative study. This chapter demonstrates that transnational activity needs some time to be developed; moreover, in some instances the transnational activity of diasporans can lead to homecoming decision. It would be very interesting to discover what happens with such returnee diasporans: are they able to reverse transnational ties and become economically involved both with home and former host countries? The future studies on transnational entrepreneurship should pay much more attention to the analysis of networks—both transnational and the ones operating at the destination—in knowledge transfer, access to capital and information. An interesting aspect of diaspora entrepreneurship which still remains to be fully explained is the role of diasporic families in initiating, running and expanding such businesses. In this regard, the rich literature on family firms can be inspiring. Finally, more dynamic analyses are needed, which implies usage of qualitative and quantitative longitudinal datasets. We still know very little about the temporal dynamics of transnational diaspora entrepreneurship: whether this activities can be sustained for longer period of time and passed/inherited by subsequent generations of diasporans.

Appendix

Table 3 Descriptive stats

Variables	Non-entrepreneurial Diasporans	Diasporan entrepreneurs
N. obs.	134	66
%	67	33
Female (%)	36.5	34.9
Age (years)	37.2	45.7
Married (%)	57.5	59.1
No. Children (mean)	0.7	1.4
Years of residence (mean)	11.4	16.6
Tertiary education (%)	17.4	18.2

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The Case Story of Inga, an Estonian Craft Shop Owner in Finland



The Nordic Diaspora—So Familiar But So Different

Satu Aaltonen and Elisa Akola

Abstract This chapter reveals the essential roles of trust and bridging social capital in an immigrant business start-up process, which takes place in an environment lacking business opportunities based on serving one's own ethnic community. The narrative unveils how the business start-up process of Inga—an Estonian in Finland—is intertwined with the personal and professional processes of her social inclusion in a new host country. There were several liabilities to overcome during the business start-up process, despite the cultural proximity of her home and host countries. Her story reveals a little-studied phenomenon of the Nordic diaspora.

1 Introduction

This case study unveils how an immigrant entrepreneur's business start-up process is intertwined with the personal and professional process of social inclusion in a new host country. The phenomenon is studied by exploring the narrative of Inga, who immigrated from Estonia to Finland in 2001, and started her own business after living in Finland for 7 years. The paper aims to study the phenomenon from the mixed-embeddedness (Kloosterman et al. 1999) perspective, acknowledging the constant interplay and contextual layers between immigrants, their social networks, and the wider socio-economic and politico-institutional environment of the surrounding society (see also Jones et al. 2014).

The Estonian diaspora comprises three separate eras: the first era started in the mid-nineteenth century and lasted until the end of World War I, the second includes World War II, and the third, which is still ongoing, started at the end of the 1980s. Emigration to Finland increased notably since the beginning of the twenty-first century. Tammaru et al. (2010) estimate that Finland will soon replace Russia in hosting the largest Estonian community. In 2001, when Inga moved to Finland, the

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annual number of emigrants from Estonia had just started to increase, but it was still less than 1500; hence, immigration from Estonia to Finland had not yet reached its peak (Tammaru et al. 2010). In addition, because most Estonian immigrants settled in and around the capital, Helsinki, few Estonians lived in the rural area chosen by Inga.

Inga's story reveals a little-studied phenomenon of the Nordic diaspora. The Estonian diaspora in Finland at that time can be classified as a movement from an emerging country to a developed country (for a typology of diaspora entrepreneurs, see Elo 2016). In Inga's case, the homeland orientation, regarded as a defining criterion for diasporans (Brubaker 2005), still exists in her private life, but not in her business. In her private life, she financially supports her retired mother in Estonia and maintains regular contact with her. Inga's business, however, advertises Finnish handicrafts for delivery. This appears to be natural to her, since she produces them in Finland, becomes all the time more and more integrated and knows that the Finns value their cultural heritage. However, Inga believes her entrepreneurial characteristics (Lumpkin and Dess 1996), which she lists as persistence, a strong will, and an extrovert personality, are linked to her Estonian upbringing.

The narrative will reveal that Inga also had to overcome several liabilities, such as the liability of newness (Stinchcombe and March 1965; Aldrich and Fiol 1994; Abatecola et al. 2012), foreignness (Zaheer 1995) and outsidership (Johanson and Vahlne 2009) when starting a business in a new environment. These factors applied even though the cultural distance between her home country and the new host country is small, and she had already lived and worked in Finland for over 5 years.

In the previous literature, social capital has proven a valuable asset in overcoming those liabilities especially when serving only one's own ethnic community (e.g. Portes 1998; Kloosterman et al. 1998; Ram et al. 2008). In this case, there was no local Estonian community to help Inga establish her business or form the basis of a clientele. Hence, the main research questions for this case study are: *(1) How might these liabilities be overcome?; and (2) What are the roles of social capital and trust in that process?*

Inga's case reveals the essential role of bridging social capital (Putnam 2000; Li 2004; Light and Dana 2013) in the immigrant business start-up process, which takes place in an environment lacking business opportunities based on serving only the same ethnic community (Joronen 2012; Wilson and Portes 1980). Bridging social capital involves nurturing contacts outside the immigrant's own ethnic and socio-economic group and comes into play in dealing with potential clients, authorities, and other stakeholders relevant to the start-up process (Davidsson and Honig 2003; Katila and Wahlbeck 2012). Trust is a crucial factor—along with networks and values—in creating social capital (Putnam 2000; Stickel et al. 2010). The importance of both bridging social capital and trust is context-dependent, and their roles can be understood only by revealing the ways in which they are embedded in the social environment. Using a single case study, the ensuing narrative demonstrates these interconnections, as well as the role of trust-building, in the start-up process.

The paper is structured as follows. A theoretical framing briefly describes the core concepts of the paper: liabilities of newness, foreignness and outsidership, social

capital, and trust. The subsequent section explains the methods used. Inga's case is then presented, followed by the findings and discussion.

2 Theoretical Framing

Start-up immigrant businesses face many kinds of liabilities compared to existing firms. The liability of newness (Stinchcombe and March 1965; Aldrich and Fiol 1994; Abatecola et al. 2012) is something that all start-up firms face. According to Stinchcombe and March's seminal work, the failure rate of new firms is high due to the lack of experience, and the probability of failure declines as their management learn how to run a business. But businesses run by immigrant entrepreneurs also face obstacles that local entrepreneurs do not. The liability of foreignness (Zaheer 1995) refers to additional costs incurred from the fact that the firm is not operating in its local market. Zaheer (ibid.) identified four sources for the liability of foreignness that affect immigrant-run businesses; of these four, firm-specific costs and host-country environment costs are those that most affected Inga. The notion of firm-specific costs refers to unfamiliarity with and lack of roots in the local environment, whereas host-country environment costs encompass for example, lack of legitimacy, or economic nationalism. The remaining sources of liability of foreignness are costs due to spatial distance and home-country environment costs. As an extension to the liability of foreignness, the concept of liability of outsidership was introduced by Johanson and Vahlne (2009). The premise focuses on liabilities arising from a lack of relevant networks and market-specific business knowledge. (For a review of the role of networks in internationalization, see Schweizer 2013.) As Johanson and Vahlne argue:

[a] firm that does not have a position in a relevant network is an 'outsider'. If a firm attempts to enter a foreign market where it has no relevant network position, it will suffer from the liability of outsidership and foreignness, and foreignness presumably complicates the process of becoming an insider (Johanson and Vahlne 2009, 1413).

Both bonding and bridging forms of social capital have been identified as being beneficial in overcoming these liabilities in business start-up (Putnam 2000; Li 2004; Oliveira 2007; Ram et al. 2008; Light and Dana 2013). However, they can also set limitations upon a business start-up (Granovetter 1985; Portes 1998; Woolcock 1998; Light and Dana 2013). Bonding social capital (Putnam 2000) refers to the resources that immigrant entrepreneurs acquire from their own ethnic community (Oliveira 2007; Ram et al. 2008). The benefits gained have been studied extensively, and arguably even overstated (Kloosterman et al. 1999; Ram et al. 2008). Conversely, bridging social capital involves making contacts outside the entrepreneur's own ethnic or socio-economic group (Davidsson and Honig 2003; Katila and Wahlbeck 2012). There have been several calls for studies about the role of bridging social capital in immigrant entrepreneurship (Kanas et al. 2009; Davis and Bartkus 2010; Light and Dana 2013), and this case study is one response to those calls.

Building ties to the dominant group requires an immigrant business-owner to have the ability to overcome several potential barriers, including racial, cultural, and class barriers (Li 2004; Jones et al. 2014). In this respect, an Estonian economic immigrant in Finland may have some advantage over more disadvantaged immigrants from more culturally distant places—such as refugees from Africa or Asia. In general, Finns have a positive attitude towards Estonians, who are a kindred nation that suffered heavily during the Soviet occupation. Since Estonia regained independence, increasing numbers of Finnish tourists have visited the country, and after Estonia joined the EU in 2004, increasing numbers of Estonians entered the Finnish labour market. Since then, there has been extensive contact between the two nations, and in terms of popularity, Estonians usually rank highly among different ethnic groups in attitude surveys in Finland (Jaakkola 2005; Mannila and Reuter 2009; Raittila 2002).

By definition, social capital resides in relationships, is not transferrable from one context to another, and does not decrease with use (Bourdieu 1986; Nahapiet and Ghoshal 1998). However, it is transferrable to other forms of capital (Anthias 2007), which makes it useful for business start-up processes and integration. Three dimensions of social capital have been identified: the structural, the relational, and the cognitive (Nahapiet and Ghoshal 1998), which also correspond to different layers of context (Welter 2012b) around the start-up business.

There is a consensus that trust and social capital are closely interrelated, but there is a disagreement on both the form of relationship and its direction (Adler and Kwon 2002). The perspective on the interconnectedness of trust and social capital is based on the work of Stickel et al. (2010), who state that trust, networks, and values are in a constant three-way interaction with each other and constitute the antecedents of social capital. Therefore, trust-building leads to the accumulation of social capital.

Trust can be defined as a belief that the '*results of somebody's intended action will be appropriate from our point of view*' (Misztal 1996, 9–10). Trust (and distrust) can be either personal, collective, or institutional (e.g. Höhmann and Malieva 2005; Welter and Kautonen 2005; Welter 2012a). Trust and distrust are different, but linked, dimensions, and not opposite ends of the same continuum (Lewicki et al. 1998), and they can be either general or particular (Patulny and Svendsen 2007). In practice, this means that, for example, Lisa can either trust Paul in general, or only for certain specific abilities. Lisa can also simultaneously trust Paul to be punctual, but distrust his ability in financial matters.

3 Methods

The original data set for this study consists of 64 interviews in two separate research projects. In both sets of semi-structured interviews, the interviewees were chosen based on their place of birth (outside Finland) and current status as a business-owner. They were asked to relate the story of their business start-up. The analysis of the materials focused on trust and social capital, and the 64 interviews were narrowed

down to 14; these were investigated more closely, based on the depth of the description and the theoretical relevance of the narratives.

For further analysis, the cases were then narrowed to four. All four cases are presented in Hytti et al. (2018). Inga's case is one of those four. Focusing solely on the case of Inga enables development of a more context-sensitive understanding (Kloosterman et al. 1999; Welter 2012a) of how she managed to overcome the liabilities faced by an immigrant when starting a business in a small-town context. Inga's case was also chosen for this paper due to its ability to illuminate the little-studied phenomenon of the Nordic diaspora.

The case was analysed from a mixed-embeddedness perspective (Kloosterman et al. 1999). Attention focused on both supply-side and demand-side factors influencing the start-up process. On the supply side, there are Inga's resources, such as different forms of capital; on the demand side, there is the opportunity structure faced when considering business start-up and running a newly established firm. The opportunity structure is constructed by different socio-economic and institutional forces on national, regional, and neighbourhood levels (Kloosterman 2010). The compatibility of the entrepreneur's resources with the opportunity structure encountered explains how accessible those particular markets are for the immigrant entrepreneur. Hence, for the analysis, it was necessary to understand both the resources possessed by Inga, as well as those she needed in the institutional and social context, and in the market situation where the craft shop was set up. In their recent paper, Ram et al. (2016) include a call for stronger incorporation of the effects of racist exclusion into the mixed-embeddedness perspective. The present study takes account of the issue of racism and its potential effect on Inga's business.

Inga's interview was conducted face-to-face in her shop, and lasted 70 minutes. The language used was Finnish. The interview was conducted by two interviewers, which permitted one researcher to interview and the other to observe, take notes, and fill any gaps in questioning (Eisenhardt 1989). The interview was recorded and later transcribed. Both within-case and cross-case analysis was conducted by both researchers, for this and 13 other chosen cases. The analysis involved applying a novel synthesis of Nahapiet and Ghoshal's (1998) three-dimensional model of social capital and Höhmann and Malieva's (2005) categorization of the forms of trust. Both trusting and distrusting were recognized, and behavioural patterns or factors that were used to build or damage trust were identified. Having two people involved in the analysis prompted complementary insights and increased confidence in the coding.

4 Inga's Story

This is the story of Estonian-born Inga, who currently runs a craft shop in a small rural town in Southern Finland. Inga was born in 1970 in Tartu, which is the second largest city in Estonia, located in the eastern part of the country. The connection between Tartu and Finland is weaker than that between the capital, Tallinn and

Finland. This is largely due to the proximity of the two capitals that meant that for example, during the Soviet era, Finnish television broadcasts could be received in the vicinity of Tallinn, but not further afield. Inga comes from a working-class family of native Estonians, a ‘bunch of poor people’ as she described them. Growing up in the former Soviet Union was difficult owing to shortages of even basic supplies. To survive, people needed to be persistent, resourceful, and had learn to make things for themselves. This also applied to Inga.

My grandmother. . .from my father’s side. . .she was able to do almost anything. I think it has come from that side. Skipped a generation. So it usually goes. Not directly from my mother. And then, of course, this solid background where people do a lot themselves, which is due to the era that we lived through. . .when we had nothing and we had to do everything by ourselves. That way gave us an advantage. If the Finns had to spend even five days without anything. . .they would die out. . .here [in Finland], it is your grandmothers. . .but we are in our forties and we have experienced the same. (Inga)

After finishing high school, Inga obtained vocational degrees as both a weaver and a tailor. She inherited her love of handicrafts from her grandmother. Inga also has a vocational degree in sales. During the economic transformation of the former Soviet Union, Inga was active in the Estonian labour market. She worked, for example, as a childcare provider in a kindergarten, as a bartender in her sister’s bar, and as a goods inspector and middle manager in a furniture factory.

4.1 Summer, Strawberries, and Romance

The first time that Inga came to Finland was at the age of 30 for a summer job. At the time, the beginning of the millennium, Estonia was still recovering from Soviet occupation. It had regained independence in 1991, but its economy was still lagging behind those of the Nordic countries. In 2000, the GDP per capita at current prices was 4417 € in Estonia; at the same time in Finland, it was 26,325 € (Statistics Estonia 2016; StatFin 2016).

Inga had a good job as a middle manager, managing 50 people in a furniture factory in Estonia. However, she explained that she came from a poor family, was hard-working by nature, and wanted to earn some extra money during her summer holiday. Since summer-job wages in Finland were more attractive than in Estonia, Inga went to pick strawberries at a farm in Southern Finland.

During that summer, she started dating a Finn—Juha. After the summer, Inga returned home, but the relationship continued. The pair travelled between the two countries, but as the relationship became serious, they wanted to live together permanently, and decided that Inga should move to Finland. At that time, Estonia was not a member of the European Union, and a contract of employment was a requirement to obtain residence and work permits. Once Inga obtained a job and the required permits, Inga moved to Juha’s house, which was in a small village of approximately 1300 inhabitants in the Finnish countryside. The distance to the closest city of 25,000 inhabitants was around 20 km.

4.2 *Reality Bites Hard*

Owing to her lack of Finnish language skills, and because she had no contact network around herself apart from Juha's family, Inga could not be choosy about job selection. She was able to understand several languages, but spoke only Estonian. Finnish policy at that time meant that Estonians were not allowed to take part in publicly subsidized language training because it was assumed that Estonians knew Finnish as the two languages are linguistically similar to each other. Inga's first jobs in Finland were typical entry-level jobs for immigrants, involving hard physical work on production lines in food factories, which were quite different from her previous job in Estonia. The shock occasioned by the collapse in her social status after moving to a new country was significant.

Even though Inga's life was essentially on track—she was living with the love of her life in a nice house and had a job—the first 2 years in Finland were difficult for her, and she became depressed. Having no friends, being in a country with different customs, and having a boring, routine job where she did not feel respected made Inga question her decision to move to Finland and want to return to Estonia.

I had 50 subordinates in Estonia and then I came here to [her first factory job] where I had to do. . . I don't wish to say that word. . . those jobs. The collapse was so. . . Then the depression periods started. . . I can't continue anymore! . . . I will move away from this hell! So it went. [. . .] Depression hits you anyway at some point, because it is so different. And you are totally alone, without any friends. You have only your job, which you don't like. No one notices you, you'll get no respect. . . everyone looks at you like cheap foreign labour. It was so hard. . . You had some sort of position in your home country. . . The first years were. . . At some point, it got so bad that I thought that. . . Hell, I will return to Estonia! But then when we started to make plans for the business and I got a job in a restaurant. . . (Inga)

Inga's reaction shows that even if work is considered to have a remarkable influence on the inclusion of immigrants in a new country (Ahmad 2002; Forsander 2002), the work itself is not sufficient in cases where it cannot fulfil all the needs usually fulfilled by work. In general, mental and physical health, overall satisfaction and good self-esteem have been regarded as signs of integration into a new culture (Liebkind 2000). Integration of immigrants can be defined as an increasing involvement in the social activities of the original population, such as work (Valtonen 1999).

Language skills are one of the basic conditions for operating in the labour market—perhaps even the most important factor—and employees' other competences can be based on those language skills (Linnanmäki-Koskela 2010). According to Paananen (1999), Finnish language skills also demonstrate an employee's commitment to Finnish society. Inga understood this and learned the language with the help of her Finnish family and also by reading books. She noted that living in a small village where there were no other Estonians was an advantage in that it forced her to learn Finnish. As her language skills improved, she was able to get a job as a bartender. This was a turning point in Inga's integration process. Having worked as a bartender in Estonia, she mastered the job immediately. Inga is an outgoing, talkative person, so the possibility of working with people and

receiving positive feedback greatly boosted her self-esteem and made her feel respected again.

Entering the labour market via so-called entry-level jobs is typical for immigrants. These jobs generally come with unstable employment contracts, and involve temporary work where no language or professional skills are needed, or are jobs based on a specific ethnic knowledge (Forsander and Ekholm 2001). Typically, people try to move from entry-level jobs to better ones when resources make it possible. Acquired work experience, and human and social capital gained during entry-level jobs, can assist immigrants to progress in the labour market towards jobs corresponding to their education or profession (Harakkamäki 2007).

Social, human, and cultural capital are all interconnected. For example, the importance of language skills is not limited only to opportunities to enter and progress in the labour market. Mastering the dominant language also has an effect on immigrants' educational prospects, possibilities to influence, use of services, contacts with the original population, and the overall feeling of being comfortable in the new country (Tarnanen and Suni 2005). In this way, human capital can also build immigrants' social, cultural, and economic capital. The positive circle is further developed when various forms of capital are accumulated: immigrants with bridging social capital are also likely to improve their language skills, which in turn increases the chances of being employed in better-paid jobs, and to succeed as a business-owner (Anthias 2007; Bourdieu 1986; Linnanmäki-Koskela 2010; Nahapiet and Ghoshal 1998). However, the development of a positive circle is not self-evident; e.g. person's class status has an effect on it (Ram et al. 2008).

4.3 Making Dreams Come True

The year 2006 was one of change for Inga and Juha. They had a baby and started up a business for Juha. The business was in construction and renovation, as well as making and selling some handicrafts. Inga obtained a Further Qualification for Entrepreneurs and dealt with the start-up process and associated paperwork. After 2 years, Juha's business was running well, and Inga decided to start her own business.

I took the entrepreneurship course. [...] And then of course we had another successful business. [...] I suppose I would have done it eventually, if I had not set up my husband's business. . . I suppose I would have still started this, but then it would have been a longer process. But now when we had another one. . . good income from there. (Inga)

Opening a business was something that Inga had always known she would do one day. She had a clear vision of opening a craft shop, offering clothing repairs and alterations, unique needlework, and handicrafts made by herself because her vocational education in Estonia had involved needlework—something she had done all

her life. Inga also started to sell handicrafts made by others. Before starting up the business, she tested demand for her products by selling them in a local handicraft outlet, and she checked the existing offerings of similar services. In addition, Juha had an interest in metalwork, which harmonized with Inga's business idea. As Inga lived in a small village, she opened her business in the centre of a nearby town.

The start-up process, and its associated paperwork, permissions, and business-premises rental were straightforward as Inga was already familiar with the process from helping her husband to found his company and Inga never mentioned the administrative burden associated with establishing her company in the course of the interview. However, she did not expect how much time would be required to get the business running smoothly.

Especially for a foreigner. . . you have to be ten times stronger than a Finnish entrepreneur. You have to work ten times harder. One-and-a-half years I watched people through the window. . . There you'll see the cultural difference. When a business is opened in Estonia, everyone rushes in to see what they are offering. Here, they use the first half-year just to peer through the glass. [laughs] Oh, hell! The first one-and-a-half years were so. . . I had to go out and drag the customers in and say, 'Hey, come in! I won't bite you!' (Inga)

The reticence of the local shoppers confused Inga. Fortunately, she had networked with the entrepreneurs next door; they reassured Inga that the shoppers' behaviour was typical in Finland, and they told her to just wait, because the locals would eventually enter her shop. Inga worked hard to persuade people to come and look at what she had to offer. "*Looking does not cost anything*", she said.

Here, I had nothing. I did not know anyone. I was an outsider. I did not know any Finnish entrepreneurs, I did not know this town. We live in [village name], 20 kilometres from this town, totally in the woods. I had two small-business-owners there [names of neighbouring business-owners]. They really supported me! If you pay rent of a thousand euros for half a year and just watch them [the customers] on the other side of the window. . . I cried every day that now I would quit! Then [they] said, 'Calm down, it is like that in Finland. The first half-year, they just look through the window, and then after you have stayed there for a half-year, they will enter. But still nothing will happen. Then, they will come in and have a look. And then after a year they will do it [buy things]'. (Inga)

There was not much trust in Inga's business process in her Finnish home village either. This could have been partly due to general scepticism related to the survival of a new business, and partly due to her outsidership in the community. Being able to counter that prejudice has made Inga proud of her accomplishment and given her energy to continue to fight for her business.

They even bet [in her Finnish home village] that this business wouldn't last more than three months because it cannot work in Finland. The Finns won't go there. No offence. . . but even my own grandpa and grandma [referring to her husbands' parents] bet three months. . . Afterwards, he then apologized, said that even he joined in [the bet]. . . that he thought no. . . Not that I would be bad, but that the Finns wouldn't come along. . . they wouldn't enter my shop. That was the starting point. The Finns who know the Finns told me so. But now all this has been proven wrong and it works very well! It is all about the person, the person, the person, and five more times about the person. (Inga)

4.4 *Gaining the Trust of the Clientele*

The next half a year passed by, and little by little, people started to come in after seeing and hearing what Inga was offering. Some locals even dared to use her services, were satisfied, and then recommended her to their friends. Social capital started to accumulate. Inga runs her business in a small rural town, where the number of immigrants is relatively small. Her potential clientele consists of mostly middle-aged and older women, many of whom have lived their whole life in the same town. Therefore, recommendations from one local resident to another—word-of-mouth recommendation—was the most convincing advertisement Inga could have. It took more than a year after opening for actual sales to start increasing. Because of Juha's stable business, Inga managed to survive this challenging period.

Yes, of course. Because you are a foreigner. No one comes to say to your face anything. . .no one comes to the shop and says [anything]. But they are prejudiced. Until a friend of hers, or a relative. . .or a relative of a relative. . .or a friend of a friend. . .has been here and said that this is a good shop, she won't come here. But after someone has said that this is a good place, then the whole family comes. And you'll have to work. You'll have to prove that you are better and even better. To prove, prove, and prove! (Inga)

In terms of trust, products may be easier to sell than services, since more trust is needed to have a dress tailored than to buy a ball of wool. When buying a service, the customer must trust the vendor to provide the service as promised. In addition, there is an aspect of intimacy present during clothes fittings.

One crucial lesson from Inga's story was that trust-building requires time. Although Finland and Estonia are neighbouring countries, and their languages are quite similar, Inga feels that cultural differences are apparent. Those differences are most notable in terms of mentality, pace of life, and enterprise. Inga explained that Estonians are more outgoing, impatient, and enterprising than Finns. She feels that learning the Finnish language was vital to acquiring the trust of her clientele. Today, the relationship between Inga and her customers has deepened, sometimes even to a personal level. Inga's shop has become a sort of therapeutic refuge for her regular customers.

Yes, a lot happens here. Someday, I will write a novel about this shop. The feedback I get is great. Every day, at least ten people say that you are the best in the world. This helps me to forget the dark years. [. . .] They have never seen that Finns hug, they bring presents, they bring food, they have never seen. . .how they all talk and. . .at first, they are totally in shock but then little by little. . .It can't be that the Finns... [behave like this]! (Inga)

Based on demand, Inga made some changes in her activities. She began to focus increasingly on clothing alterations, but also she started to sell needlework supplies and also obtained an exclusive contract to import a special type of yarn to Finland. Inga also noticed that it was not profitable to sell handicrafts made by other people, so she stopped doing that and sold only her own unique pieces. Changing the focus of her business was a wise decision as combining handicrafts, needlework, and needlework supplies with her clothing alternations has made it easier for customers to start doing business with her.

Inga was interviewed in 2011 when she had run her business for 3 years. At that time, she had set herself up in the market. She had a loyal customer base and her Estonian background had become an asset. Estonia is famous for its handicrafts, so her origins lent credibility to her business. Inga felt that it was especially easy for her to relate to, and get along with, older people—one of her most important customer groups—as they had also experienced harder times when the standard of living was low and everyone had to struggle for their livelihood. Inga considered older people both hard-working and enterprising.

Today, Inga's business is doing well. Since the interview, she has twice moved to bigger premises. She has also opened an online shop selling needlework supplies and her unique handicrafts. At the time of the interview she still worked alone. The reason for that is also trust-related. She does not have a high level of trust in the skills and attitudes of young people. She claimed that a good workforce was really hard to find. Inga had experienced difficulties in finding trustworthy, enthusiastic employees with a similar entrepreneurial mindset to her own. Inga wanted to hire a versatile worker capable of handling everything from clothing alterations and needlework to customer service and sales. She also said that customers only wanted to do business with her, and not with her employees. Inga's services were so associated with her that it was hard for both Inga and her customers to trust someone else to provide the same level of service.

5 Findings and Discussion

The current case study addresses ways to overcome the liabilities of newness (Stinchcombe and March 1965; Aldrich and Fiol 1994; Abatecola et al. 2012), foreignness (Zaheer 1995), and outsidership (Johanson and Vahlne 2009), and the associated roles of social capital and trust. The study shows that Inga overcame the lack of skills and knowledge caused by being both new to her chosen business and outsidership in a new community by employing a number of actions and approaches. She took an entrepreneurship course, was involved in founding her husband's business, and was persistent in driving discussions and trust-building among the locals, which helped her gain market-specific information. Trust-building and its end product, social capital, had the most relevance in legitimatizing her business in its operational environment (liability of foreignness).

Inga's case provides an excellent opportunity to see how the prerequisites of business success are embedded in different micro- and meso-level factors on both sides of the equation: the individual and markets (Kloosterman 2010). Inga's stock of capital (of the human, social, and cultural form) had already started to accumulate in post-Soviet Estonia, where she had gained her vocational education and handcraft skills, learned the values related to work and enterprising, as well as the habits and customs that came both from her family and from the wider society. The era of economic transformation, the economic inequality between Estonia and Finland at that time, and the unsatisfying entry-level jobs were relevant to her ability and

willingness to recognize business opportunities and take risks. Ultimately, her husband's stable earnings enabled that risk-taking and guaranteed Inga enough financial capital to survive the initial hard times.

Many institutional, national-level constituents of opportunity structures can be identified. Finnish immigration policy obliged Inga to have an employment contract when moving to Finland and denied her the opportunity to join publicly funded Finnish classes. However, the Finnish entrepreneurship policy offered her entrepreneurship training and enabled her to start a business without any formal barriers to market entry.

Initially, Inga's business markets were limited to the town where the shop was located. There, she realized the importance of bridging social capital as a means to overcome the liability of foreignness among potential customers, as well as among other business-owners. She initiated trust-building with these groups, and the lack of both personal and collective trust towards Inga and her business was evident in the beginning.

According to the literature, a person's characteristics, experiences, emotions, and knowledge can be identified as sources of personal trust or distrust, whereas collective trust is based on actual or perceived characteristics of legal entities, groups, or professional standards (e.g. Höhmann and Malieva 2005; Welter and Kautonen 2005; Welter 2012a). In Inga's case, personal and collective distrust and trust towards Inga and her business were interconnected and mixed. As Inga runs her business alone, the distrust towards her because of her being an outsider, reflected on the business. Likewise, the distrust towards the business due to its newness also cast a shadow on her.

Based on Inga's narrative it was hard to recognize exactly what the factors were that led to her being distrusted. As a newly started business-owner and non-native Finnish speaker, there was personal distrust in her abilities to serve clients and run the business. Initial trust between the immigrant business-owner and the surrounding community is based on the values and personal traits of the trustor, as well as on perceptions of the trustee—based on appearance, race, behaviour, and institutional arrangements—which raise the level of social capital and increase the likelihood of trusting judgements (Lewicki and Brinsfield 2010). Social stratification, forms of exclusion, and racism all have a bearing on the initial level of trust in each immigrant entrepreneur (Jones et al. 2014). Initially, Inga sensed that she was surrounded by prejudice. In most cases, it was just a feeling based on indirect hints, but on a couple of occasions, she experienced some direct harsh comments. In this respect, Inga's situation could have been much worse if she had come from a less-valued country. (On the subject of social exclusion in Finland, see Jasinskaja-Lahti et al. 2006; Mannila and Reuter 2009.)

The neighbouring business-owners became an important network for Inga, especially during the first year of her business. The more Inga and other business-owners trusted each other, the more they communicated and cooperated. The mutual trust between them turned into relational, bridging social capital, which helped Inga to cope with the hurdles she encountered.

There are some policy implications to consider based on the findings. The importance of bridging social capital is apparent for businesses that serve non-ethnic markets. The accumulation of bridging social capital can be promoted by offering opportunities for immigrant entrepreneurs to network with local people, other entrepreneurs, and the authorities—and not only among themselves, which can so often happen. Language skills are key to interacting with host-country residents, and an important asset in creating trust that increases bridging social capital in the long term. Good skills in local language also facilitate the accumulation of market-specific business knowledge. Therefore, effective language teaching is important, not only for the personal integration of immigrants, but also for their businesses.

In addition, this study has some limitations that must be borne in mind. Trust-building is a time-consuming process; therefore, studying it ideally demands longitudinal research methods. Although the interviews in this research allowed entrepreneurs to tell their stories freely, and they were encouraged to recall the early days of their business start-up, there is a legitimate danger of deliberately or subconsciously relating false memories or introducing *ex post facto* reasoning. Conducting the interview in a language that is not the native language for the interviewee increases the risk of misunderstanding, both by interviewers and interviewees. The third limitation of this study is simultaneously a strength; that is, it is based on a single case. Inga's story is context-dependent and not generalizable as such. However, focusing on one case enabled the revelation of interdependences and mechanisms in more detail than would have been the case had multiple cases been introduced in the same paper.

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The Path of a Successful Entrepreneurial Sojourner: A Case Study About Ilan Maimon



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Abstract This chapter provides a comprehensive example of sojourning entrepreneurship. Using a combination of primary and secondary data, we present in detail the entrepreneurial evolution of Ilan Maimon, from his first business venture in Israel, to the present activities developed and managed in China. The rich description of the elements and factors that determined entrepreneurial success in every stage of his evolution, supported by verbatims, create a detailed overview of Mr. Maimon’s professional career as a manager and sojourner entrepreneur. Our research has relevance for entrepreneurs and organizations—indicating a roadmap for achieving success in China; policy-makers—to identify and apply the effective levers of action that support the activity of these bridgehead ventures for the mutual benefit of all the parties involved; and academics—who can apply our research framework to investigate similar entrepreneurial phenomena in other developing or developed countries.

1 Introduction

China has gradually emerged as a economic superpower at the end of the twentieth century. The economic reforms undertaken by the central government after 1979—price and ownership incentives for farmers, decentralization of the economic policy at regional and local level, the application of free-market principles such as market-based pricing and private business initiatives, trade liberalization, and the establishment of open cities and economic development zones led to rapid economic development and

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made the country highly attractive for foreign investors (Morrison 2015). Although in the 1990s the economic growth was mainly fuelled by cheap, large scale manufacturing, the Chinese market structure changed rapidly in terms of infrastructure, urbanization and purchasing power, providing from the beginning of the twenty-first century large opportunities for high-technology R&D or the import and commercialization of consumption goods (Enright et al. 2005; Gassmann and Han 2004).

Both local and international entrepreneurs attempted to develop and exploit these market opportunities. For many foreigners, China was perceived as a new Eldorado, due to its large population and high economic growth, which led to a massive inflow of business professionals and organizations (CCIFC 2014). Success was not easy. Language barriers, specific business customs, and large psychic distance prevented many foreign entrepreneurs to reap the benefits of abundant market opportunities. But others learned the local language and culture, developed their personal networks and social capital, and integrated their foreign and Chinese professional experience into a powerful combination of managerial or entrepreneurial skills and capabilities. Then, they exploited their transnational knowledge and experience by developing ventures that facilitated the tasks of other foreign entrepreneurs to enter and start a business in China.

The importance of these entrepreneurs is central both for foreign companies or investors, and for the local economy (Light 2007; Portes et al. 2002). Leveraging their experience, personal contacts and transnational resources, they provide B2B services, such as: setting up a company; developing and running a manufacturing unit; distribution and selling; or recruiting and training local employees. These entrepreneurs mobilize and recombine the existing resources, creating wealth multiplying effects for all the parties involved in the business context. However, despite their importance, little is known about their profile, activity and strategy. Research on foreign entrepreneurship is still trying to define, delimitate and conceptualize this phenomenon—known as ‘sojourner entrepreneurship’ (Almor and Yeheskel 2013) or ‘expatpreneurs’ (Solimine 2015; Vance et al. 2016).

Blalock (1967) use the term ‘middleman minority’ to describe foreigners that provide or facilitate the livelihood of other ethnic group members, mediating between dominant and subordinate social groups. Although intermediation may concern activities related to local or international trade or brokerage, they are not necessarily commercially-related. Bonacich (1973) suggests that some cultures have a higher propensity to become middleman minorities, as for examples the Jews, the Chinese, or the Armenians, among others. A characteristic of these ethnic minorities that may explain their intermediating position and success is their sojourner mentality. In comparison with other immigrant groups, they do not aim to get fully-integrated into the host society, considering even the possibility to return later to their country of origin (Bonacich 1973). Sojourner mentality was later used to characterize a specific category of immigrant entrepreneurs—the sojourner entrepreneur, who reside for a limited period of time in the host country, in order to achieve its personal and economic goals (Almor and Yeheskel 2013).

Globalization trends have facilitated the emergence of another category of immigrant entrepreneurs, termed ‘expatpreneurs’. They represent well-educated

professionals, who leave their country of origin “to accomplish a career-related goal, being relocated abroad either by an organization, by self-initiation, or directly employed within the host country” (Vance et al. 2016, p. 204). Their proliferation is due to the increasing number of opportunities identified and exploited by individuals and organizations in foreign countries (Collings 2014; Fang et al. 2010); on the globalized system of institutions, transportation and communication that facilitate cross-border mobility and personal or organizational relocation (Hugo 2005); and on the increased emphasis on self-career management at global level (Hall 2002; Inkson and Arthur 2001; Vance 2005).

In comparison with other host countries, China is particularly suited to study the phenomena or sojourner entrepreneurs, because, due to governmental regulation, foreign entrepreneurs cannot immigrate. This phenomenon is complexified, as in the case presented in this study, by an initial involvement of the sojourner entrepreneur in managing Chinese or foreign companies active in China, which provides the necessary experience and environment learn and properly understand the local culture and language. This profile resembles the definition of expatpreneurs—people who decide to follow their management career in another country, not necessarily by creating a new venture, but getting involved in the activities of an existing organization. Although the sojourner phenomenon is not new, as was first described by Siu (1952), the knowledge regarding this type of entrepreneur is still scarce, lacking structuration and depth of analysis, especially regarding the success factors of these individuals.

Our study addresses this gap presenting a thorough analysis of the entrepreneurial evolution of Ilan Maimon, which, in our opinion is a perfect illustration of an expatpreneur, gradually transformed into a sojourner entrepreneur. Adopting a case study methodology, which is often used in exploratory research that tries to answer “why” or “how” questions, as they “retain the holistic and meaningful characteristics of real-life events” (Yin 2009, p. 4). This chapter was written in an attempt to answer the following research question: *What personal, market-related and circumstantial factors assisted Ilan Maimon, in his successful activity as an l sojourner entrepreneur in China?*

2 Sojourner Entrepreneurship

According to Siu (1952), sojourners are a “type of stranger who spends many years of this lifetime in a foreign country without being assimilated by it” (p. 34). Milstein (2005) contributes to the issue establishing a time frame to describe sojourners as: “individuals living in a location and culture different from their own for a period of 6 months to 5 years with the intention to return home” (p. 218).

Although some people may look at the concept of sojourner as a life style in certain cases (Siu 1952), in some other cases, like in China, since there is no formal option to immigrate, working as a sojourner is often the only option to open and manage a business there. Once the entrepreneur decides to relocate and continue

his/her activities in another country, the sojourner can feel free to change the host society (for example, a physician or an artist can decide to work in another country). However, in situations requiring large capital investments, like manufacturing operations, it is more difficult to move the production line, and therefore production factors need to be mobilized and combined from local sources (Yehezkel and Almor 2012; Katz Volovelsky 2016).

Yehezkel and Almor (2012) write that sojourners develop a special way of life which is neither like their life in the country of origin nor their life in the host country. Sojourners see the host society as an opportunity and do all they can do in order to exploit and benefit from favorable business circumstances. The authors propose a new name to describe this transnational category of entrepreneurs, namely 'sojourning entrepreneurs'. They are usually well-educated, experienced entrepreneurs coming from developed countries. By using their personal capabilities and the resources located in their home countries, they look for business opportunities in the developing host countries where they stay temporarily, taking advantage of favorable market circumstances. To achieve this, the sojourner entrepreneur holds a tool kit which includes education, work experience, and personal reputation, knowledge of the industry and network contacts.

A sojourner brings to the host countries new elements (resources and abilities) which are creatively combined and applied to exploit the identified opportunities. Since sojourners come from the outside, they have a fresh look at the host society and thus can see things (such as business opportunities) that locals neglect or ignore.

As described above, sojourners have both advantages and disadvantages. For example, being foreigners, they lack local contacts in the host society. However, as time passes, sojourners build local and foreign strategic alliances, that can act as a bridge between the host and the original country. To be considered successful sojourners, they will "leverage their connections with local business functions such as suppliers, regulators, banks etc. in order to act as liaisons and mediators for new entrepreneurs that are entering the host country as well as for business located in the home country" (Yehezkel and Almor 2012, p. 23).

The concept of sojourning is very relevant and central to the present research on transnational entrepreneurship, because sojourners are individuals who come from the outside and adhere only temporarily to the culture of the host country, aiming to exploit entrepreneurial opportunities and build a profitable business. A typical sojourner invests time, effort and money in the host country with the hopes and plans of increasing his/her potential revenue, drawing resources and inspiration from his experience and entrepreneurial network. Many business sojourners are active in China in general and in Shanghai in particular.

According to Bonacich (1973), when comparing a sojourner who arrives in a host society temporarily ("sojourning also leads the individual to select occupations which do not tie him to the territory for long periods" p. 585) with a settler (who arrives in a host society permanently), it is more likely that sojourners will handle entrepreneurship activities (Altinay and Altinay 2008). Sojourners tend to save as much as possible ("thrift is the product of a willingness to suffer short-term deprivation to hasten the long-term objective of returning to the homeland" Bonacich

1973; p. 585), since their final mission is to return to their home-country with as much money as possible. Generally, the ‘sojourner’ mentality connotes a type of immigrant entrepreneur who is solely focused on economic betterment and has no interest in the wider host nation society in which he resides (Kloosterman and Rath 2003). Another important trait is that sojourners create a high degree of solidarity among themselves, which assists them to fight and overcome different challenges and obstacles.

Despite the increasing number of sojourners that are active in developing countries, the factors that facilitate their success, and the processes they employ to enact these factors into practice, are still largely unknown. Taking into account the complexity of this topic, we adopt a qualitative approach to investigate a sojourner’s entrepreneurial activity in China, developing a case study on the basis of both primary and secondary data that are presented and interpreted in light of the existing theoretical frameworks.

3 Methodology

The complex and subtle interdependence between personal, market and circumstantial factors that led to a specific entrepreneurial career path, determined us to select a case study methodology. Our choice is justified by the necessity to understand the recursive and reciprocal relationships between human, organizational and market systems.

From a methodological point of view, cases are particularly adapted for the study of complex socio-economic phenomena, because of their capacity to combine primary and secondary data, and to integrate into a complex narrative both quantitative and qualitative elements. Case study methodology was previously applied for investigating various forms of immigrant entrepreneurship (Almor and Yeheskel 2013; Solimine 2015; Terjesen and Elam 2009; Vance et al. 2016). In addition, case studies are often used in exploratory research that tries to answer “why” or “how” questions as they “retain the holistic and meaningful characteristics of real-life events” (Yin 2009, p. 4).

We have written this case studies using triangulation—by combining secondary and primary information into a coherent narrative, which attempts to preserve as much as possible, the original verbatims of the sojourner. The main secondary data was collected from the web sites of HeyCafé and CI3, as well as from an interview made with Mr. Ilan Maimon by the PTL Group, and published on the web in 2010 (PTL Group 2010). The primary data was collected during a 2-hour interview, conducted with the sojourner in Changzhou, by one of the co-authors of this case study.

The collected data was then coded manually, applying a multi-stage process. First, the data was divided into units of text (Allard-Poesi 2003): parts of sentences, complete sentences, or groups of sentences related to the same theme, which were then classified into clearly defined categories. The size of these units was validated

using the two criteria defined by Lincoln and Guba (1985): (1) the selected unit of analysis must contribute to develop understanding in relation to the defined research questions and (2) it must be interpretable without additional information. Second, after identifying and classifying the units of texts related to personal, market-related, and circumstantial factors that facilitated entrepreneurial success, we analyzed their meaning taking into account the convergence between secondary and primary data. Third, we synthesized the findings, integrating and logically ordering elements of the investigated entrepreneurial projects, connecting the main processes with the influencing/facilitating factors and outlining the embeddedness of these initiatives into the local cultural, social, economic and environmental context.

4 The Case Study

4.1 *The Beginning of an Entrepreneurial Career*

Ilan Maimon was born in Israel. His parents came from North Africa; both his parents were employees: his father was in charge of a warehouse, and his mother was a cashier. After studying at the Israeli Polytechnics, he graduated as a Mechanical Engineer. However, his dream was to create his own company: “For me, it never has been any other option. I was employee for a while, but I never liked to work in big companies. I always wanted to be the leader, to take responsibilities, risks, decisions”. Ilan believes that the mandatory army service helped him to develop even more his managerial drive and attitude, and to shape his preference for leadership in small organizations: “I served in the Navy as an apprentice officer. Ship commander. . . But not a big ship, a small boat.”

Ilan was not afraid of hard work: “before the army service I went to a development town to assist there and to see how people live in a difficult situation”. At University, he was a good student, but he felt that his degree did not fit his personality and aspirations: “In reality, I was a manager, not an engineer”.

He created his first company with a few army fellows where he hold the COO position. Locationet Systems Ltd. was a high-tech company which developed an application permitting the identification of the best traffic route in terms of time and fuel consumption. The product was good, the team was good, but, lacking experience, the venture failed business-wise. Ilan had a feeling of the impending failure, and left the company on June 2002 (but reminded involved as a shareholder), when the [dot.com](#) crisis was raging. He recalls that, at that time, he had an intuition that the locating system would not succeed. After this first entrepreneurial experience, Ilan Maimon decided to go to China and start everything by himself without the involvement of investors, trying to work in a new business environment.

When Ilan Maimon was asked if he knew anything about China before arriving there, his reply was “No, I did not know anything neither about the Chinese business culture or about how to work in China”. The fact that he received dividends from the company in Israel and that his wife had a job there—gave him a certain level of

confidence. The family owned a house in Israel and savings, a situation minimized his risks and allowed him to take the advantage of the potential business opportunities offered by China.

The Israeli firm Locationet Systems Ltd. continued to be active till 2011 when it was finally closed. Ilan emphasizes that the company did not lose money, at the end returning the mobilized funds to its investors. Some big players in Israel used the company services, however, another company (called WAZE) developed a better application of the technology on smart-phone.

This is when he decided to go to China. Paradoxically, the decision was a mix of spontaneity and rational considerations: “the risk was not that big since I continued to get pay for 1 more year, as part of my agreement with Locationet Systems”; however, he knew nothing about China, and he had no idea what he was going to do there. He just wanted to leave Israel and what he was doing and to try something new.

4.2 Expat-Preneurship in China

Ilan arrived in China in June 2003, and started to learn the Chinese language right from the beginning, night courses organized twice a week. In retrospective, Ilan thinks that studying Chinese “was one of the smartest decisions” he ever took. His move to China was not very well organized: “It was very strange, . . . no hotel booking, nothing ready. I did not make any pre-work to study or plan the situation”. But he was not worried, as he kept the links with Israel: bank accounts, pension, and apartment—all stayed in Israel, in case things went wrong.

At the end of the school year, his wife wanted to join him with their three small children, aged 3, 8, and 12 years old, and he agreed. By that time he already was employed, working in Shanghai, in a joint venture created by Korean, Chinese and German partners. The company was specialized in molding (casting) and he occupied the top position of General Manager: “it was an interesting job for me, no high-tech”, he recalls.

But he was not happy with this situation: “I wanted to be a self-employed in China but didn’t know where to start. . .”. A new business opportunity came from one of the clients of the joint venture that he was managing. The German partner pushed for rapid development and the company was producing many items, especially with the Porsche design. The merchandise was then bought by a specialized advertising agency and distributed in all China. Using this business model, Ilan Maimon convinced the woman in charge with the advertising firm to partner with him, and together they opened in 2003 an advertising and promotion firm called Sigma.

Ilan felt that the new company is a step ahead, but he still wanted to try new things and gain more experience. In 2004, he opened a factory for Bagir—a fashion Israeli company in Dalian, and, in 2005, he decided to work for TinyLove, another Israeli firm producing merchandise for infants, that started to operate in the South of China.

However, “both these companies knew I am running a project and that I am not an employee. . . I took something small and turn it into something big without using expensive managers.”

In parallel, he remained a partner in Sigma, coordinating the development operations, and managing the company, mostly in weekends: “At the end of 2005 we had four locations: Beijing, Shenzhen, Chengdu and Shanghai. We were members of the Chamber of Commerce. We studied foreign companies’ needs and came to them with solutions: we offered them interesting merchandise at promotional prices. We even created their catalogues of offers, like it was made by them. We had big customers: DHL, eBay, New Balance, Sony, Fujitsu, etc.”

Sigma grew up very quickly, “in many ways it was a miracle, [. . .] maybe due to its business model and to me working in it. The turnover was now couple of RMB millions, and we reached 50 workers in a very short time”. Ilan is almost nostalgic when he recalls this period “We lost and win millions. We often had problems with the deliver time, because we were only sub-contractors, working with different industries and many suppliers. It was something crazy, but, at the button line the company earned”. This involvement in parallel dynamic activities was, according to Ilan “a great school, maybe an ultimate school—about how to work in China”.

Then, one more time, Ilan changed his focus, to what will represent his major business project: “At the end of 2004 a client approached me. I met him in Chabad house on Friday’s night, an American Jew. He was searching for a Coffee grinder. I sent him a few samples, because, at that time, there were no coffee grinder machines produced in China“. During that winter, the sojourner was working in Dalian, managing the Bagir factory: “It was a very cold winter. I had nothing much to do there after the working hours, I had free evenings. I like to run outdoor, and when I ran—I had time to think. By the end of 2004, the design of the coffee machine was finished”. At the beginning, he thought to produce it as an Original Equipment Manufacturer (OEM)—a company that makes a part or subsystem used in another company’s end product, but then he decided to open an independent factory.

4.3 Sojourning Entrepreneurship: HeyCafé Coffee Grinder

In 2005, Ilan opened the HeyCafé factory, using the money and the experienced obtained in the previous year from Sigma. The decision was spontaneous, as he developed the new venture without any detailed market research or plan: “HeyCafé was built as a ‘naive venture’. The American guy I met in Chabad told me that if I can produce it, he will buy it from me. I had the money and didn’t want people to tell me what to do. . . I wanted to open my own business”. In 2006, the first HeyCafé coffee grinder machine was sold.

Despite the lack of market research and planning, the company was quite successful: “I invested several hundred thousand in the company. I didn’t expect it, but before I knew another machine or another worker were needed as the factory grew-up. I studied the production line while managing the company. The Chinese

market was very forgiven . . . , mistakes were made. . . expenses rolled . . . we were small so no one was bothered by the new firm. And then I started to sell in China—I was and still am the only manufacture of coffee grinders in China. Today, I have a 14K square meters' factory, with over 100 employees. . . , and 65–70% of the Chinese market are in my hands. . . high quality, middle price, and no one copies well my products”.

Ilan considers that the company has good prospects and global opportunities: “HeyCafé is still the only Chinese manufacturer of coffee grinders, which are currently sold in over 20 countries. We have a big market in Asia with a growing market in the USA and Canada. HeyCafé also has coffee selling retail shops in Chongqing and Chengdu. Europe is perhaps our weakest market due to the number of competitors” (PTL Group 2010).

The development of the company was not linear, but Mr. Ilan Maimon knew how to adapt his strategy to the existing circumstances: after starting to sell coffee grinders in 2006, “there were lots of mistakes during the natural process of expanding to maturity the company. At the end of 2007, Brazilia, which was the largest coffee grinder maker in the world, noticed and analyzed HeyCafé, realizing we were their competitors. So they contacted me and asked to buy a share of HeyCafé. Negotiations took 1 day, and I sold 50% of my company. I worked with them until 2008. Due to the financial crisis [. . .], Brazilia could no longer financially support HeyCafé, so I bought back their share. Now I am again the sole owner of HeyCafé and I believe that this was quite a good move for my company. It left us with an open market in Europe and I was able to quicker expand the company” (PTL Group 2010). “Now I am busy to open a new basis/operation in South America. I will join a European company. They will become my partner. I will spend my time between more countries and somebody will replace me in China.”

Currently the HeyCafé brand is well known in over 40 countries around the globe. With three registered patents it is leading the grinders industry in several Asian countries.

4.4 Multiple Entrepreneurial Activities: Setting Up CI3

Despite the increasing success and complexity of HeyCafé operations, Ilan did not temper his entrepreneurial enthusiasm. He met another Israeli sojourner, Zvika Shalgo, the managing director of the PTL Group and former chairman of the Israeli Chamber of Commerce in Shanghai. After discussing the business opportunities of Israeli companies in China, they developed a business plan for creating an incubator specifically designed to attract foreign firms to Changzhou, a city of 4.59 million people, and its economic zone located in the Wujin city district.

Situated in the Jiangsu province at the Yangtze River Delta, Changzhou is located midway between Shanghai (160 km to the east) and Nanjing to the west. In the past it was famous for its textile industry, but is now looking to move away from old, traditional industries—hence the establishment in 1996 of the Wujin Economic Zone (Barak 2012).

As a result of this initiative, the CI3 incubator was opened in March 2012, as joint venture between the PTL Group—managed by Zvika Shalgo, and Elan Technologies—managed by Ilan Maimon (Viva Sarah Press 2015).

“The idea behind CI3 is that if small- to mid-sized Israeli companies (with revenues of between \$10 and \$200 million) want to penetrate the huge Chinese market, then they need to establish their own Chinese entity and make their products locally. But rather than send over a management team from Israel to build a factory from scratch, CI3 offers to help incubate the project, taking advantage of their knowledge of the Chinese business world” (Barak 2012). “We help in terms of how to manage a company in China, not how to produce. We have a lot of experience in running companies in China, how to protect company intellectual property and how to recruit and keep workers” (Maimon in Barak 2012).

This incubator he opened together with another Jewish sojourner is still active, includes fifteen different companies of various nationalities (Israelis, Europeans and North Americans). Ilan Maimon estimates that the incubator hires a total of 300 hundreds employees. It is the first station for SME companies which have a new product to be sold in the Chinese market. Their idea is not only to manufacture in China but also to sell to Chinese clients as China evolves gradually from a producer country towards a consumption market. Most of the products manufactured and commercialized by these firms are technologically advanced. The incubator helps the SMEs to build production lines, hire employees, understand the local business culture and manage the companies: “In return for a management fee and, at a later stage, a percentage of the sales, CI3 takes on full responsibility for the general management of the company, handling local recruitment and back-office functions such as finance and legal issues as well as providing extra services such as a reception area, meeting rooms and so on” (Barak 2012).

“We’re giving these companies a chance to set up a production line here in China, on a small scale, to see how it goes [. . .]. If after 2 years, it’s not working, they can walk away without having invested too much. If they succeed, they can go on to build their own factory” (Maimon in Barak 2012). However, until now no company has left the incubator, including the companies that started to earn money.

4.5 Motivation and Views on Entrepreneurship

Ilan Maimon says that, for him, entrepreneurship is something inborn: “entrepreneurship is something you bring from home. For me, there never was another option, [although] I was an employee for some time. I knew I don’t like to work in a big organization, and that I must be a leader and a manager in the company”. Independence and hard work were always his defining qualities: “I do not build myself on others. I like to be my own boss, to think in an autonomous way. I don’t need the assistance of others”. On the other hand, “I try to assist anyone I can. I am happy to assist—my father told me to do to so”. His technical background was another important asset in his entrepreneurial activity: “my education as an engineer helps

me a lot. I always was a technical person, I knew in 2–3 steps how a machine operates”.

Contrary to what people think, Ilan does not think that an entrepreneur should take high risks: “I don’t go to risky places without a safety net. There were no risks for me while I developed my businesses in China, because there were always companies that paid my salary. No financial risks involved. I never had an obsession with money, it never was the number one priority in my life.”

Ilan considers that money should not represent the main objective of an entrepreneur: “In my joint venture with Zvika Shalgo—the IC3 incubator—we search for Israeli clients. When they come to China, everything is about money, all around money. . . no deep pockets, no patience. . . I believe that in order to be an entrepreneur, you must not love money. If you do, you cannot make decisions: if I would think all the time that everything here in the factory is mine, I won’t be able to make any decisions, won’t be able to work.”

Maybe we are a naïve company, but making money is not the top priority. I have a lot of patience. I never took money loans. . . no outside investor. . . no minus in the bank. . . always plus. . . this is the way to sleep well at night. . . You think over the hill. All the time think what to do next, to do more.

China, considers Ilan, was the perfect environment for nurturing and developing his ideas: “One of the reasons I came to China is that, unlike in Israel, an entrepreneur with an idea and a little money, who goes step by step, can succeed. HeyCafé started with only 3 people, including me, but the company keeps growing. Many foreign companies’ owners and managers come and see what I do and they learn. I have good products and an endless potential—I can keep on developing new machines all the time”.

One of the main secrets of a transnational entrepreneur is to know how, and succeed to, work harmoniously with local people: “I feel comfortable to be in China and Israel, sometimes even easier in China—I guess I am more Chinese then I thought. . . China and the Chinese fit the way I act: a zigzag way, needing to adapt continuously”. Also, “In China there must be a win-win solution otherwise it would not work”.

100% of my employees are Chinese. I do not believe that I need foreign workers. In the beginning I hired local workers due to financial reasons. But I am completely comfortable with Chinese workers, with their work ethic and performance. I made an effort to learn the language and the culture in order to break the barriers, not limited to communication, between myself and employees. One of my employees has been with me since 2003—she was the third employee then. The tasks she performs range from finance to translations. She is also a good friend of mine now (PTL Group 2010).

However, the busy way of life of an international entrepreneur would not have been possible without the help of his wife: “It is very important for me that my wife supports me. She never stopped me to do what I wanted to do. She keeps saying that my happiness is the most important thing”. When asked if his children do not feel sad about his long absences, he says: “I think parents are important as far as quality time and not the quantity”.

Entrepreneurship is probably the most valuable lesson that he can transmit to his children: “I already see in my kids entrepreneurial characteristics. They see it in family, and this is what I teach them to do. The oldest already did some entrepreneurial activity in coffee machines business, during her academic studies, until she joined Intel. The second gets clothes orders from her friends and I buy it for her in China. My third kid will work with me to improve his Chinese language ability, but I do not want him to follow my steps. . . . If kids ask me to work in any of my business—I will see it as a failure. I encourage them to be entrepreneurs but no in my business: Do not step in my business, do it yourself. . . . I am very tough with my kids; although my wife and me, we don’t need to work, my children need to finance their needs. But I am helping them. I think that happiness comes from entrepreneurship, people need to aim to a target and achieve it; there isn’t a greater satisfaction than when your mission succeeds”.

4.6 Challenges of Entrepreneurial Life

Ilan recognizes that there were a lot of challenges, but he feels that with patience and persistence you can solve all the problems: “I faced many challenges in the beginning including issues with suppliers providing wrong or bad quality materials. Customers sometimes would also change their mind. I even faced a few lawsuits (that were eventually resolved).” (PTL Group 2010).

When Mr. Maimon was asked what were the main problems he experienced in China, he recalls the following three challenges:

1. Host society. China is different from any place I used to live in. To learn how to live there, I started with day-to-day small adjustments regarding food, local weather and communication with the local authorities for getting different permissions or licenses. Ilan recalls that this process of adjustment and learning required flexibility and strong will to adapt to the new environment: “the process of adjustment was very slow and did not happened in 1 day, 1 week or even in 1 month. It was such a slow process that most of the time I did not even notice it was happening. I found out it happened only through the reactions of the Israelis who met me (they are surprised how I drive here, how I communicate with the locals directly and other habits I adopted which they do not understand”.
2. Management style. “It was and still a challenge for me to make decisions and manage the locals to implement my decisions. The direct contact with the people (of different circles) is always a sensitive (or problematic) issue”. Ilan gives an example of a soap in the bath—if you press too hard or too weak, you will lose it. In his opinion this is a good methaphor about the way to manage people in a foreign culture. Lucky for him, since his businesses started with a small number of employees, he could made the needed adjustments and correct his mistakes while moving ahead.

3. Professional style. When Ilan started his Hey-Café business, there was not a proper coffee market in China, and, personally, he did not know anything about coffee grinders. However, he says that “I always have to make sure I lead the market trend. Being an industry leader is always an interesting challenge”.

I think overcoming challenges requires lots of hard work; there not much else to say. It took insistent, stubborn work. I did not give up. There were a lot of times where I wanted to give up, but I did not. I had self-confidence. I believe that if you are persistent and hold strongly onto your goals you can overcome any challenges on your way to success” (PTL Group 2010).

5 Findings and Discussion

This case describes the path of an entrepreneurial sojourner, in identifying, developing, exploiting and managing entrepreneurial opportunities in China. Ilan Maimon still divides his life between Israel and China. His family lives in Israel while he flies to China from time to time. In his factory he delegated a deputy manager who manages the business for him, in his absence.

The personal, market-related and circumstantial factors that facilitated his entrepreneurial success are listed in Table 1.

Ilan believes that every stage of his life (including his military service as an officer in the Israeli Navy) contributed to, and supported him, in his entrepreneurial endeavours. In the army, every mission requires the application of management principles: you get a mission, you need to plan, to organize and to mobilize the necessary resources to succeed in time. Another thing he retained from army experience was how to focus on a specific mission, to be a commander. The startup company in Israel (which he opened with his friends) helped him to understand the structure and functioning of a venture from a practical point of view: “you cannot not really learn what is a business from a textbook, you have to do it in order to understand its meaning. Everything is centered on making a good product and selling it profitably”.

The success of Ilan Maimon is based on a complex combination of personal, market-related and circumstantial factors (see Table 1). Besides his hard work, resilience, adaptability, learning approach, personal contacts and intuition in identifying good opportunities, Ilan was ‘the right person at the right moment’. He knew how to interpret the market trends in China, developing his entrepreneurial projects in line with these evolutions. His capacity to bridge the gap between Eastern and Western cultures, based on a practical sense of business, patience and risk avoidance, provided him with the right attitude to exploit circumstantial situations and market opportunities. Ilan understood from the very beginning of his sojourn in China that he needed to become acquainted with Chinese language, culture and business practices, and to develop his network of trusted business and personal contacts, both abroad and in China. An important resource represented other sojourner

Table 1 The personal, market-related and circumstantial factors that facilitated entrepreneurial success

Success factors/stages of the entrepreneurial path	Personal factors	Market-related factors	Circumstantial factors
Experience in Israel	<ul style="list-style-type: none"> • Engineering education • Hard work • Military service—develops leadership competencies • Locationet Systems Ltd.—understanding the business practice 	<ul style="list-style-type: none"> • The growing market of software applications in Israel 	<ul style="list-style-type: none"> • Convergence of interest with friends to create Locationet Systems Ltd.
First managerial experience in China	<ul style="list-style-type: none"> • Learning Chinese and getting familiarized with the local culture • Using personal competencies and past experience to create personal alliances and manage a joint venture in China 	<ul style="list-style-type: none"> • The growing dynamism of the Chinese market both for manufacturing and selling 	<ul style="list-style-type: none"> • Meeting the right people at the right time, and taking advantage of opportunities
First entrepreneurial venture	<ul style="list-style-type: none"> • Quick reactions in identifying, developing and exploiting opportunities • Accumulating experience from various business projects • Effectuation approach 	<ul style="list-style-type: none"> • The development of international trade in China 	<ul style="list-style-type: none"> • Personal network provided connection with both Chines and foreign partners
HeyCafé and CI3	<ul style="list-style-type: none"> • Resilience, entrepreneurial vision, positive thinking and adaptability • Understanding his forces and limits • Collaborating with trusted people to access complementary skills and resources 	<ul style="list-style-type: none"> • Lack of China produced coffee grinding machines • Partnership with Brazilia resulting in international experience • Growing attractiveness of the Chinese market 	<ul style="list-style-type: none"> • Starting the business at the right moment and expanding rapidly • Contacts Israeli diaspora and with the local administration

entrepreneurs like him, who developed and managed businesses in China, taking advantage and contributing at the same time to the growing market trends.

Sigma Company was the first entrepreneurial venture of Ilan Maimon in China. According to him, it was an excellent place to study the Chinese business culture, notably the importance of networking and of the Chinese *guanxi* system. *Guanxi* involves personally defined reciprocal bonds or particularistic interpersonal ties (Dana 2000).

Dana (2014) adds that, in the Chinese business culture, it is very common the idea of exchange favours: if a person did a favour to someone, this person expects to be

given a favour back sometimes in the future. The term also implies of the need to build long-term relations intuitively rather than rationally. Our findings suggest that foreign entrepreneurs who go to China should get connected with local people who have enough *guanxi* to they assist in overcoming the local challenges of developing and running the venture. Success In the Chinese markets depends also on creating a win-win situation, keeping promises and taking a long-term perspective in business development. For example, Ilan learnt that you might lose in the short term but earn more in the future. All his entrepreneurial endeavors are based on good personal relations with local people: “The Chinese business partner brought what I was missing and helped me to go in the ‘convince zone’”.

In retrospect, it is clear that without the experience Ilan gained working in Israel and in China, it would have been harder for him to establish and manage HeyCafé and the CI3 incubator. His entrepreneurship style is a good illustration of effectuation theory (Sarasvathy 2009). Once he identifies an opportunity, he invests money, time and energy to bring it to fruition, but he keeps looking for other possibilities that may emerge, keeping an open mind. He often makes no market research and plan, acting on an intuitive basis.

According to Anderson (2011, p. 627), the effectuation theory “focuses on the entrepreneurs’ ability to create opportunities together with network partners and is useful tool to understand the development in the born global firm”. Anderson (2011) emphasises that, when using the effectuation theory, a researcher needs to take under consideration different factors such as the entrepreneur’s characteristics, knowledge and their social capital. An expert entrepreneur faces an unknown future. To minimize the risks, the following precautions can be taken:

1. Bird-in-hand: an expert entrepreneur knows the means and the limitations which are available (who I am, what I know, and whom I know).
2. Affordable loss: an expert entrepreneur is aware to his or her financial limitations. Thus, an expert entrepreneur makes a calculation of what he or she can lose in case things get wrong.
3. Patchwork quilt: when an expert entrepreneur decides to build a business with a partner, the entrepreneur wants to get a pre-commitment. By getting this pre-commitment, the uncertainty is being reduced.
4. Pilot-in-the-plane: expert entrepreneurs prefer to focus on activities they can control. In other words, the entrepreneurs’ future is made by them.

The effectual cycle influences the entrepreneur decision making regarding products, markets and new ventures, and provides the experiential basis for future projects and further entrepreneurial endeavours.

As a sojourner entrepreneur Ilan Maimon kept and managed many links and assets in Israel: even after starting business activities in China, he still owned a house and managed bank accounts in Israel. Later on, when his family moved back to Israel he continued to hold an apartment closed to his business in China, as he often travelled between Israel to China (it has never been an option to immigrate to China). Ilan understood from the beginning of his sojourner entrepreneurial career the importance of understanding and adapting to the foreign culture. The fact that his

first action in China was to study the Chinese language is a clear proof of his priorities. On the other hand, he maintained and exploited his Israeli network in order to develop some of his businesses—the best example being the CI3 incubator, which is a joint venture created with another company—PTL Group, led by an Israeli. In addition, emphasizing Ilan's capabilities and skills as mediator and business developer, the incubator was established to help Israeli SMEs to start operations in China.

6 Concluding Remarks

Our case study is representative for the profile and activity of sojourn entrepreneurs in developing countries that experience a rapid pace of market growth. These people accumulate experience from various life situations, often starting as expatpreneurs who work in a foreign country for a local or a multinational company. Sojourner entrepreneurs have the talent to understand and combine both their native and the host country culture, and are skillful in developing and using their network of business and personal relations.

The authors believe that the sojourner phenomenon is important and will be more common in the years to come: more business entrepreneurs will try their luck in dynamic emerging markets such as China, India, or rapidly developing African countries. In this context, it is important to give these people the necessary knowledge and tools that can assist them in the host countries. The current chapter can be used as a good illustration example of a successful sojourner entrepreneurship career path. The case of Ilan Maimon indicates that success can be achieved, if the foreign entrepreneur properly identifies his/her main priorities, and achieves the necessary experience and social capital by working in local organizations before launching a new entrepreneurial venture. In addition, a foreign entrepreneur who uses wisely his or her connections in both host and home societies, can get more chances and creates more opportunities. This study shows how the effectuation theory works in reality—as Ilan Maimon tries not to take any risky steps in his career, building his success step by step through hard work, perseverance and initiative.

This study has a number of limitations, determined by its methodological approach. The information provided and analysed in the case study cannot be fully generalized, as despite the representativeness of the selected entrepreneur, more research is required to validate our findings. Future studies can develop in-depth case studies about other remarkable sojourn entrepreneurs, eventually focusing on other home and host countries, to identify any similarities and differences determined by cultural and market specificities.

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Case Studies: Japanese Entrepreneurs in Emerging Countries



Aki Harima

Abstract Despite of the increasing number of Japanese entrepreneurs in emerging countries, scholars in diaspora and migrant entrepreneurship have paid little attention to their business activities. It is still largely unknown, what make Japanese decide to leave their homeland which apparently offers favorable economic and political conditions and to take a risk to develop a new business in countries with lower economic standards, and what opportunities they identify in their special settings, and how they use their homeland resource to create economic and social values. This chapter presents three cases with Japanese entrepreneurs in emerging countries, Argentina, Philippines and Guatemala. The findings are analyzed based on the similarities three entrepreneurs share and differences between cases. These multiple case studies find out that Japanese entrepreneurs are unique in motivation and resource, while maintaining key diasporic characteristics. They are motivated by non-financial reasons and combine technology and ‘privilege’ ethnic resources in idiosyncratic manners. The findings and analysis of this chapter will provide the current research on diaspora entrepreneurship with future dimensions.

1 Introduction

In the mid-2000s, people started using a new term ‘Wakyo’ to describe Japanese entrepreneurs who are conducting business abroad (Watanabe 2007). It is a coined word combining ‘Wa’ (the oldest recorded name of Japan) and ‘Kakyo’ (Overseas Chinese). The emergence of this term was a social response to the recent surge of Japanese diaspora entrepreneurs who migrate mostly to emerging countries to explore and exploit transnational business opportunities.

Diaspora entrepreneurship refers to entrepreneurial activities of migrants and their descendants who live abroad, while maintaining a strong orientation to their

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homeland (Safran 1991). This phenomenon has recently attracted considerable attention from policy makers and researchers (Riddle and Brinkerhoff 2011; Kotabe et al. 2013). The increasing interest can be explained by its significant socio-economic impact on both home and host countries. The previous research has revealed important roles of diaspora entrepreneurs as economic developers or institutional change agents (Newland and Tanaka 2010; Kotabe et al. 2013; Riddle and Brinkerhoff 2011; Nkongolo-Bakenda and Chrysostome 2013). As such entrepreneurs are embedded in multiple cultural and societal contexts, they are able to possess unique social and human capital, which enables them to benefit from transnational entrepreneurial opportunities (Kloosterman et al. 1999; Rouse 1992).

While a number of studies have been conducted on this phenomenon on both macro and micro levels, the previous research has predominantly focused on the people migrating to more developed countries to seek for better life conditions and vocational perspectives (Harima et al. 2016; Elo 2016). This pre-defined setting does not match to the context of Japanese diaspora entrepreneurs. With regards to national economic and social situations, Japanese people may enjoy favorable life conditions, which does not force them to immigrate to other countries. For this reason, the previous research on diaspora entrepreneurship offers limited answer to the question why some Japanese voluntarily leave their country to take a risk in becoming entrepreneurs in emerging countries.

Against this background, I conducted a series of studies on Japanese diaspora entrepreneurship from different management perspectives in last years (e.g. Harima 2015a, b). Building on these contributions, this study presents three selected cases to explore characteristics of Japanese diaspora entrepreneurship and discusses its implications for the future research in this field. The aim of this study is to elaborate characteristics of Japanese entrepreneurs in emerging countries in contrast with the current research status on diaspora entrepreneurship and to seek for new research directions. The research questions are: What characterizes Japanese diaspora entrepreneurs in emerging countries? How can researchers consider their uniquenesses for the future research development?

This study challenges the current diaspora entrepreneurship research by presenting practical examples of Japanese diaspora entrepreneurs who do not have the 'standard' profile which previous researchers have taken for granted. Between 2014 and 2016, the author collected extensive data about Japanese entrepreneurs in emerging countries and selected three cases which show the heterogeneity of this phenomenon for this chapter. The three cases are selected to show entrepreneurs in different time, ages, industries and countries. Observing three entirely different stories enables this study to make a stronger contrast between cases. In order to allow me to observe multiple-reality (Stake 2010), the study collected different sources including semi-structured interviews with entrepreneurs and other stake holders, observation and secondary-data such as company websites. The interviews were conducted in Japanese or English and transcribed in the original language. Japanese interviews were translated into English by the author.

This chapter is structured as follows: First, brief background information about Japanese diaspora is given. Second, three cases of Japanese diaspora entrepreneurs

in Argentina, Philippines and Guatemala are presented. Third, findings and future implications are discussed.

2 Japanese Diaspora Entrepreneurship

Over the last decades, the definition of the concept ‘diaspora’ has changed to a great extent (Brubaker 2005; Cohen 2008). While this concept was originally applied to a group of people who are traumatically dispersed from an original homeland and possess the salience of the homeland in the collective memory of a forcibly dispersed group, the concept is currently interpreted to cover a broader phenomenon (Cohen 2008). This study follows the definition of Brubaker, who made a significant contribution by consolidating fragmented definitions of diaspora by identifying three core elements. According to Brubaker (2005), diaspora is a group of people who or whose ancestors are, either traumatically or voluntarily, dispersed across state borders, have a strong orientation to a real or imagined homeland, and maintain ethnic solidarity due to their collective identity. Following this definition, Japanese entrepreneurs in emerging countries can be regarded as a part of the Japanese diaspora, as long as they have a homeland orientation and maintain ethnic solidarity.

In order to understand the settings, this section briefly summarizes the modern history of the Japanese diaspora. There are mainly two types of migration in the history. The first type is emerged through emigration waves prior to the Second World War. These Japanese migrants were mainly motivated by so-called ‘Dekasegi’, which can be roughly translated as ‘earning money away from home’ (Masterson and Funada-Classen 2004). Starting from 153 people migrating to Hawaii in 1868, a large number of Japanese migrants were sent to the United States and Latin American countries such as Brazil, Peru, Argentine, Bolivia, Paraguay and Chile prior to the Second World War (Masterson and Funada-Classen 2004; Adachi et al. 2008). These migrants were comparable to the modern migrants who move from developing/emerging countries to developed countries, as they were seeking for a better life condition and their primary aim was to earn money (cf. Cohen 2008).

The second type is emerged through emigration waves after 1970s, which was mainly driven by longing for western countries. As Tung (2010) argued, technological development in media, communication and transportation as well as advancement of international legal frameworks such as visa waiver program for Japanese in major developed countries made contributions to increase the number of Japanese overseas students, who eventually decided to stay abroad for good. After 2004, however, the number of Japanese students abroad has been continuously decreasing (Ota 2014). The number of Japanese overseas students in 2011 is 57,501, which is 30% less than the year 2004. Ota (2014) analyzed this downward trend attributes to the Japanese students’ inward-looking attitude.

Although there is a decreasing number of Japanese overseas students, there is a recent trend that the number of ‘Wakyo’ entrepreneurs in emerging countries has been increasing (Watanabe 2007; Sudo 2007; Horiuchi 2010). Especially, the recent

popularization of internet communication as well as social network appear to have contributed to the emergence of this trend. Following, three cases of Japanese diaspora entrepreneurs are presented. All of three entrepreneurs are in the first generation of migration and emigrated after 1970s. The case 3 presents an example of the recent 'Wakyo' trend.

3 Case Studies

3.1 Case 1 *“Toshin (Argentina): Longing Foreign Countries”*

Toshin Group was established by Genji Kitayama in 1976 in Buenos Aires, Argentina. After finishing his university degree in Japan, Kitayama started seeking for opportunities to go to foreign countries to experience different cultures and businesses. It had been his interest to start his own business outside of Japan. After his visit in Argentina, Kitayama decided to stay in this country, as he truly enjoyed cultural differences. He started working for a well-known Japanese company as an employee in Buenos Aires. While working as a company employee, he went to an elementary school to learn Spanish. Kitayama knew that learning the local language was essential to survive in the country. He had an ambition to start his own business to exploit opportunities in Argentina. Since Argentina was an economically advanced country compared to Japan in 1970s, Kitayama could identify different kinds of opportunities.

In 1976, he established a company importing fishing equipment. He selected this particular type of business, as he had some Japanese friends who are involved in fishing business. He also became a representative of a major Japanese company dedicated to sales of fishing equipment. After that, Kitayama also started distributing Japanese newspapers in Latin American countries. He identified this opportunity based on his own demand to read Japanese newspapers as quickly as possible. At that time, there was no internet news so that the only possibility to get access to updated information was a newspaper. He delivered the major newspapers such as Nikkei and Asahi-Shinbun to the Japanese communities in Latin America. Before Kitayama started the distribution, these newspapers were available only in the Japanese community in the US. This business was a first success in his entrepreneurial career.

In 1982, Kitayama started his new business in the logistics industry, which is one his core businesses till now. He initially started this business to support Japanese expatriates who moved from Japan to Argentina or vice versa. It was an opportunity for him that there was no Japanese company offering solutions for this issue. He made a cooperation with one of the largest logistics companies in Japan to offer an international moving service for Japanese expatriates. Following, he started a freight forwarding business in 1990. Although the company was mainly responsible for transportation of commercial goods from Japan, the company started conducting this business also for non-Japanese customers.

Network has been playing an essential role in the entire business career of Kitayama. With his ambition to be a successful entrepreneur in an entirely foreign environment, Kitayama managed to establish strong social capital both with the ethnic and local community in Argentina. He actively tried to find people who can support his business in order to overcome his language-related disadvantages and cultural unfamiliarities. Particularly, he had a strong intention to make use of Japanese ethnic networks. For instance, he went to a Karate-Dojo to gain access to the Japanese network and established relations with potential business partners. In fact, Japanese network has always sparked new business ideas in his entire entrepreneurial career.

He started his first business related to fishing equipment, since he had got to know a Japanese person working in this industry. His second business related to newspaper distributions was developed by recognizing opportunities in the Japanese ethnic community in Latin America. Apart from such business, Kitayama has been running a traveling agency since 1990 as his third business. He started it because of his private friendship with the Japanese football association, which asked him to take care of the national football team who traveled to Latin American countries. In 1986, he opened a store for publications written in Japanese language as a representative of OCS Japan. As newspaper business started to shrink because of the development of internet, Kitayama adopted this business to focus more on online book store instead of the physical one.

It is worth mentioning that he possessed high communication skills and open-mindedness which enabled him to benefit from social capital with indigenous people, even though his Spanish was not fluent in the beginning. For instance, he had a local partner who played a significant role in establishing his business called Beatriz. Beatriz is an Argentine qualified accountant who has been supporting Kitayama to cope with legal issues and administrative challenges. Without her support, it would have been much more difficult to overcome institutional barriers between Japan and Argentina.

Considering that Argentina's economic situation has been highly unstable in recent years, the long-livingness of Kitayama's company is outstanding. Over 40 years, his company has been managing to survive under the uncertain environments which have drastically changed over time. When he arrived in Argentina, Argentina was a developed country compared to Japan. During these 40 years, the economic relations between two countries have turned around and faced the inversed situation.

There may be different factors which can explain his success. Apart from his strong ambition for the success, it was important that Kitayama possesses the capability to take advantage from social capital from both ethnic and local community, to identify and to exploit timely opportunities and to adopt himself to environmental changes. His Japanese management style to lay importance on employees and company loyalty also enhanced motivation and efficiencies of local employees. He has protected his employees on his private expense during the time of recession instead of firing them, unlike the majority of the Argentina companies which relied on temporal workforce. They could feel that their presence was valued by

Kitayama and his company, which encouraged them to commit themselves to the company and Kitayama for a long time.

3.2 Case 2 “NT Group: Aspiration to Develop Successful Transnational Business”

Nobuyuki Takahashi read numerous books about successful Japanese entrepreneurs who went abroad during the Meiji and Showa Periods, before entering the Keio University, one of the best private universities in Japan. Such stories evoked his interest in doing a business and making contributions to the development of foreign countries. He strengthened his ambition to become a successful entrepreneur outside of Japan, when he traveled to Middle East and other Asian countries for half a year as a backpacker in his fourth year of bachelor program and witnessed success of Kakyo (oversea Chinese) in various countries. After his university graduation, he grabbed what little money he had saved and his bachelor certificate and took a flight to Singapore. The destination did not matter much. In fact, he originally planned to go to Malaysia, but he changed his destination because the company where he made a contract with got in trouble. He visited any kinds of companies to ask them to give him a job in South East Asia including Singapore and Philippines. He did not have any specific plan in his mind, just wanted to start his career outside of Japan.

A turning point came in 1978 where he established his first company called Nampow Bussan, after spending one year in the Philippines. His parents asked him to succeed their family business, which Takahashi wanted to avoid by all means. His ambition was to become a successful entrepreneur in a foreign country, not doing a domestic family business. He asked his parents to wait for his decision in exchange of the condition that he places a main office of his company right next to their family company in Japan.

He started doing a business for Japanese tourists in the Philippines. In the late 1970s, Philippines was one of the major destinations for Japanese tourists. He sold Filipino traditional crafts and customized cigars made of Narra tree. Since Philippines was famous for cigar production, Takahashi took Japanese tourists to a production cite and let them order customized cigars. As this business had unexpectedly become a huge success, he asked more than 10 university fellows of him to support him for this business.

This business had been successful until 1981, but the tourism in the Philippines went into a decline due to some security and moral concerns. At that time, some Japanese went into troubles and eventually killed in the Philippines. After this business, he identified a new opportunity to import high-quality mangos from the Philippines to Japan. At that time, mango was sold only for one month during the entire year and high-quality mangos were not available in Japan. This business was also successful until the Japanese Ministry of Agriculture and Forestry changed guanine treatment regulations in the middle of 1980s, which made it difficult for him

to continue to offer high-quality mangos, as the new quarantine treatment drastically decreased their taste.

After the mango business became smaller, Takahashi soon after found a new opportunity in a totally different field. In the end 1980s, a Japanese company in Aichi prefecture asked him to find a local manufacturing company assembling parts of cellar phones. Simply out of interest, Takahashi asked the company if it is difficult, and they said “No, assembling such parts is quite easy”. Instantly, he decided to establish a manufacturing company in the Philippines to assemble these parts by himself. Since he had focused on retailing and trading before, he did not have any know-how and expertise in production and assembling. But it did not matter for him. Takahashi strongly believed that the most important thing in doing business is keeping a simple rule that the provider delivers products or services on time, and the buyer pays on the due date. Nothing complicated. He knew that following this rule is the best way to establish trust with customers. At the same time, Takahashi possessed a high level of learning capability and learned production know-how by asking all the people he knew who were working in the related industry to teach him how to do. It was a right timing, since the market of cellar phones in Japan had rapidly been growing at that time.

In 2000, Takahashi started exploiting a new business opportunity to educate and send Filipino human resources to Japan. A few years after, he started this business also with house keepers, as there was an increasing demand for such personals due to the proliferation of so-called nuclear households. He expanded this business with care personals and medical human resources in order to meet the demand of the growing population of aged people in Japan. It was also triggered by the regulatory change in 1990s which eased the application procedure for foreign medical forces to acquire a visa. Later, this business was expanded to language business to teach Japanese language to Filipino human resources and the real estate business for the Japanese elderly people who want to spend their post-retirement years in the Philippines. His most recent business is online and physical English schools for Japanese customers. The English school industry in the Philippines has been booming since a decade ago mainly due to its cost performance, especially for Korean and Japanese customers. These courses are offered in the one-on-one style by Filipino English teachers.

Takahashi’s ambition surely lead him to establish a long-time success. His flexibility and adoptive capability allowed him to identify and exploit diverse transnational business opportunities between two countries over more than 30 years. Takahashi possesses now 11 firms which all belongs to the NT Group, half of which is located in the Philippines, and another half in Japan. Takahashi has never been motivated by financial success. He was driven by his ambition to become an influential person, just like the Japanese entrepreneurs in the books he read when he was at school. They all had dignity and appreciation toward host countries letting them conduct business on their mother land, and be respected by people.

3.3 Case 3 “*Spanissimo: Digital Business in the Modern Age*”

Takuro Arimura was born in 1985 and spent his childhood in the USA. He studied Media Marketing at a Japanese private university and worked at one of the largest Japanese advertisement companies.

Arimura got interested in entrepreneurship when he was at the university. He wanted to use his ability to give something back to others. This aspiration drove him to read a lot of books about entrepreneurs around the world and to join in business competitions, which developed his entrepreneurial spirits. In order to find out what he wants to achieve, he had been asking himself, what is lacking in Japan. He thought identifying missing things can lead him to find a right answer to “give somethings back to others”. After thinking a while, he realized that nothing is lacking in Japan, at least anything that he thought is meaningful for the society. That is the reason why he did not start his own business in Japan. Instead, he started working for a well-known service company in Japan to collect practical experiences.

He was satisfied with his position within the company, as he could learn how different business models work out in different industries. He was also surrounded by inspiring people. Yet, Arimura could not imagine to stay in the same place for ever. He had another ambition and wanted to work in multinational environments. After working there for 3 years, he decided to quit his job to “see the world” and did a backpacking travel for 10 months. He only visited developing and emerging countries, since he had never been there, even though he had traveled to foreign countries quite often with his family. It was a mind-opening experience for Arimura to see the life and culture of these countries. In developing and emerging countries, he could clearly see what was lacking. There was obviously much room to be improved in many respects.

Especially in Guatemala, where he visited a Spanish language school for a short term during his travel, he identified both chances and problems. On one side, Spanish teachers in Guatemala speak clear Spanish without accent and can be hired at low costs. Since it was the time that the industry of online English one-on-one lessons in the Philippines was emerging, he came up with the idea to offer online one-on-one Spanish courses with Guatemalan teachers for Japanese customers. On the other side, he recognized the problems in the current Spanish language school industry in Guatemala, while he was talking with his Spanish teachers. Even though Guatemala is one of the most popular destinations for Spanish language learners, Spanish teachers had been suffering from unstable income due to seasonal changes of language tourism. Since Guatemala has only two months of summer on average and other 10 months of raining winter, most incoming tourists concentrate on a short summer-time and teachers face a risk of unemployment during the winter-time every year. Arimura thought this problem can be turned into a chance, when their Spanish courses can be offered via internet to foreign customers. By doing so, he also can stabilize the income of Guatemalan Spanish teachers.

	Case 1	Case 2	Case 3
Company	Toshin	NT Group	Spanissimo
Entrepreneur	Genji Kitagawa	Nobuyuki Takahashi	Takuro Arimura
COR	Argentina	Philippines	Guatemala
Business	Trading, logistics and retail	Trading, human resource, language schools	Online language course

Fig. 1 Case information

Although he came up with many other different business ideas during his backpacking travel, Arimura thought that he finally identified what he wanted to do, when he came up with the language business idea in Guatemala. After coming back from his trip, Arimura started validating his idea through social media such as Facebook and Twitter. He was asking potential customers for their opinion about his business idea. Soon after, he realized that his business idea has a large potential. During the preparation process, his knowledge about marketing and business model from his former working experience played important roles. For instance, he could validate his idea, specify a customer segment and find first customers through his network with that knowledge.

Arimura started Spanissimo, a business of online one-on-one Spanish lessons by hiring Guatemalan teachers. Even though he could speak Spanish well, he and his co-founder were not confident in finding highly qualified and trustworthy Guatemalan employees, as they were not familiar with culture and norms of the country. Arimura visited different Spanish schools to find a potential collaboration partner who could introduce qualified Spanish teachers to them. After visiting many schools, they got to know Maria, a president of a local Spanish language school. Maria was different from other school presidents, because Arimura could clearly see that she was interested in their idea and saw benefits for her employees. Other presidents always wanted to talk about the amount of money they could potentially earn through a new collaboration with Spanissimo.

In the last years, Spanissimo has continuously been growing. Arimura acquired several major Japanese multinational corporations and well-known universities as corporate customers. At the same time, Spanissimo went global and started offering the service in the US. Arimura’s ambition is further internationalization and expansion of his business so that his company can support more people who want to learn Spanish easily. He is not driven by financial motives. Arimura has an ambition to make his company world most famous. It is, however, not for his own financial sake, but mostly for his customers and most importantly for the stable and continuous income of Guatemalan teachers. As a matter of fact, he had a high-salaried job in Japan and his current earning is barely sufficient for a minimal level of living. Even when the firm becomes more successful in the future, Arimura just needs a decent amount of money which can make his surroundings happy.

The key information of the above-presented case studies is summarized in the Fig. 1.

4 Findings and Future Implications

The first case presents a Japanese entrepreneur who was seeking for challenges in a foreign environment. Argentina was a great location for him, as the country offered uncertain market conditions and totally unfamiliar culture and language. The entrepreneur wanted to be brave enough to develop business on his own in such tough settings. He has overcome difficulties with his ties with local people in Argentina as well as diverse networks with Japanese expatriates. Despite of uncertain and drastically changing economic conditions, the entrepreneur has managed to survive in the market, by continuously seeking for new opportunities which go along at the time and managing his employees with his virtue.

The second case presents a Japanese entrepreneur with a great ambition to develop successful transnational business. He developed a large group which more than 10 companies in the Philippines and in Japan belong to. The entrepreneur has proactively sought for opportunities and attempted to develop business in any kinds of industries. The entrepreneur has been quick to catch up on market trends and regulatory changes, which enabled him to identify lucrative business chances of the time. The entrepreneur is a transnational entrepreneur who lives a half of the month in Japan and the other half in the Philippines to conduct his business.

The third case shows a Japanese young diaspora entrepreneur whose personality seems to have a more cosmopolitan nature. The entrepreneur had partly grown up in the US and is still active in transnational networks. He was driven by social challenges and internationalized his business quickly to the third country to fulfill his social mission to offer low-price one-one-one Spanish skype lessons, while offering favorable working conditions for the local employees. The major part of his business model has a digital dimension. He has a so-to-speak “footlessness”, as he does not limit his future solely to Country of Origin (COO) and Country of Residence (COR). He will expand his business and move to other countries than Guatemala and Japan, if it is necessary for his entrepreneurial activities.

Looking at these three cases, one can see that they have certain commonalities. For instance, despite of their outbound orientation, they proactively keep connections to homeland on both private and business levels. This is in line with definitions of diaspora by Brubaker (2005) and Safran (1991). Yet, they show different profiles than diaspora entrepreneurs from developing or emerging countries.

For instance, all of the three cases present that entrepreneurs have strong academic backgrounds. They acquired degrees from renowned universities and would not have had any problems to find well-paid jobs in Japan. In a sense, their future in Japan was promised. Despite of these favorable situations in homeland, they voluntarily decided to leave Japan to seek for opportunities and challenges in emerging countries. It indicates that these entrepreneurs are motivated to become diaspora entrepreneur by non-financial reasons. Evidently, they sought for grand challenges they could not find in their home country in fortunate conditions from the socio-politico-economic perspectives. In this aspect, they differentiate themselves from

skilled migrants from emerging countries who migrate because they seek for better vocational opportunities (Syed 2008; Saxenian 2002).

They also have advantages to possess various Japanese ethnic resources such as country image, financial capital and networks both in COO and COR. They have a legitimacy to target at the Japanese ethnic community in COR or at the customers in COO, which makes their business model successful. In the observed cases, this combination of their qualification, aspiration and available resources made their business unique and led it to a long-lasting success in a totally different environment from their homeland. If one of the three elements had been missing, entire dynamics of their business would have looked different.

Observing three cases of entrepreneurs who migrated to other countries in distinctive periods of time, we can recognize some differences which arise from technological advancements and environmental changes. First, one can see that the development of information technology (IT) has offered novel opportunities and changed the nature of networks. The case 3 shows that a young entrepreneur made a good use of the potential of IT, by offering online services and using social media for marketing and communication activities. His business model and strategy would not have been technically possible, when Genji Kitayama and Nobuyuki Takahashi moved to their CORs. Therefore, Kitayama made great efforts to build and maintain his physical networks with the Japanese community in Latin America to seek for business opportunities and Takahashi intensively used his Japanese networks, while Takuro Arimura was not strongly connected either to the Japanese ethnic community in COR or to his previous vocational networks in Japan. The way diaspora entrepreneurs utilize different kinds of network certainly influences their business model. It is also noticeable that both Kitayama and Takahashi have adopted their strategic decision making to the IT development. Kitayama started offering an online-shop for his publication business and Takahashi grasped an emerging chance in the Filipino online one-on-one English school market. Such a learning capability of entrepreneurs may be a key enabling factor for the long-lasting success of diaspora entrepreneurs in continuously changing environments.

Second, the case 1 presents a unique situation that the economic situation of the COO and COR has drastically changed since the entrepreneur came to Argentina. When Kitayama migrated to Argentina, he was moving from an emerging country (Japan) to a developed country (Argentina). During the last decades, the economic and political situation of Argentina has been stagnating, while the Japanese economy has rapidly grown. In the beginning of his stay, he strongly relied on the Japanese ethnic community, while he has gradually started leveraging the strength of the Japanese economy. This case indicates the difficulty of generalization of the phenomenon and the necessity of more longitudinal studies.

Finally, although all three entrepreneurs seem to be motivated by self-fulfillment, the case 3 shows that a young Japanese diaspora entrepreneur may possess a more cosmopolitan nature and social motivation. Although Arimura uses his Japanese resource for his strategic purposes, he did not see his business activities in bi-lateral relations between COO and COR. He has an intention to expand his business to other countries and is embedded in a global entrepreneurs' network. He has a certain

'footlessness' and regards himself as a world citizen-like Japanese. Arimura can be regarded as diaspora entrepreneur, as he has a strong connection to Japan, both emotionally and vocationally, and uses ethnic resource for his business, but his entrepreneurial activities are less bounded to certain locations.

Based on the findings, this study offers unique implications for future research. First, researchers should be aware of heterogeneities of diaspora entrepreneurship with regards to their background and socio-politico-economic situations in COO and COR. The study clearly shows that Japanese entrepreneurs in emerging countries have distinctive settings and nature compared to the main objects of the previous research in this field. Although several studies have recently been conducted on entrepreneurs who migrate from developed countries to emerging or developing countries (Elo 2016), more studies should be conducted in different settings such as different industries, motivations, periods and ethnicities in order to understand the complex reality. Second, the cases show how entrepreneurs have adopted their strategy over time according to the environmental changes. The investigation with a longitudinal analysis on this learning capability and absorptive capacity of entrepreneurs will provide their long-term success mechanism. Third, although the impact of IT development on diaspora entrepreneurship is taken for granted by scholars, little is known how exactly it influences different stages of diasporans' business development such as opportunity identification, idea validation and business expansion. The role of IT in diaspora entrepreneurship can be investigated more in the future.

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Part V
Organization of Diaspora Capitals
in International Business

Diaspora Networks in Cross-Border Mergers and Acquisitions



William Y. Degbey and Kimberly M. Ellis

Abstract This chapter conceptually explores how diaspora networks influence cross-border M&As in Africa. It seeks to build on both network and resource-based perspectives, and makes contribution by developing a conceptual model and testable propositions that draw explicitly on the concept of diaspora networks to inform both scholarly and practitioner research on African cross-border M&A performance. The model shows how diasporic ties of the acquiring firm senior leaders may influence outcomes associated with African cross-border M&As. Additionally, three main variables—diaspora’s time spent outside Africa, tribal ties with government officials and target firm owners/managers and shared colonial heritage—are proposed to moderate the effects of diaspora networks on post-M&A performance. Finally, implications for practice and further studies are also discussed.

1 Introduction

Merger and acquisition (M&A) activities have been well studied, especially in the mature, advanced markets of North America and Western Europe over the last half-century. And, though vast empirical evidence has been generated during this time period which suggests that M&A performance is mediocre at best (King et al. 2004; Papadakis and Thanos 2010; Schoenberg 2006), cross-border M&As continue to be a popular strategic initiative used by corporate executives for achieving imperatives related to firm growth and value creation (Coleman and Lunnan 2011; Degbey 2015; Degbey and Hassett 2016; Gomes et al. 2011). This creates a conundrum and begs

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for answers to questions such as Do any factors reliably or consistently explain M&A performance? or What factors help to differentiate those firms that experience post-M&A value creation from those that suffer declines in value?

What may be even more perplexing is the fact that while our understanding of the factors and mechanisms that explain cross-border M&A performance in developed markets continues to be elusive, there is a steady increase in the number of cross-border M&As incurring in emerging markets (Deng and Yang 2015; UNCTAD 2014). Few would challenge the fact that because of factors such as low formal institutional development, economic instability, and firms with fewer resource endowments, most emerging markets pose even greater challenges to firms engaging in cross-border M&As. One such emerging market that is receiving growing attention is Africa. In recent years, both practitioners and scholars alike, are venturing into the uncharted territory of engaging in and studying M&As on the African continent (Degbey and Ellis 2017; Ellis et al. 2015; Erhun et al. 2005; Gomes et al. 2012). Despite the unique characteristics of the African continent (see, e.g. Mellahi and Mol 2015), like the broader M&A literature, very little is known about key drivers of M&A performance associated with African cross-border deals. Moreover, a recent publication on Africa as an emerging context for value creation with cross-border M&As, remarks in conclusion that “although academic research lags behind practitioner publications on the subject matter . . . , scholars need to recognize that M&A activity is still at its infant stage on the continent, and it is critical for them to lead the way in developing conceptual/theoretical insights and ask relevant questions about African M&A activity in order to generate an understanding for prospective dealmakers and advance the M&A research literature” (Degbey and Ellis 2017, p. 188).

In light of the above calls for conceptual development and the expansion of our understanding regarding influencing factors and mechanisms through which the extent of success for M&As transactions in Africa can be predicted, we explore an important, yet unexplored dimension of cross-border M&As on the African continent: diaspora networks (see, e.g. Elo 2015; Minto-Coy 2016). That is, the underlying purpose of this study is to suggest that diaspora networks have significant impact on the success of African cross-border M&As, and to provide a framework and testable propositions as a starting point for future empirical investigation. More specifically, this chapter conceptually addresses the research question: *How do diaspora networks influence cross-border M&As in Africa?* The study of diaspora networks in cross-border M&As in emerging economies is as yet an immature area of inquiry, and this chapter seeks to build on the network and resource-based perspectives to address this research void in our understanding, especially with respect to African M&As. The chapter contributes to cross-border M&A research on emerging economies, particularly the growing literature on African M&As. Specifically, we develop a theoretical model and from this offer propositions by drawing on the concept of diaspora networks to inform the literature on African cross-border M&A performance.

Our model shows a direct linkage between diaspora networks and post-M&A performance, indicating how non-local knowledge of the acquiring firm facilitated

by diasporic ties of its senior leaders may influence outcomes associated with African M&As. In addition, we highlight the moderating effects of (a) *diaspora's time spent outside Africa*, (b) *tribal ties with government officials and target firm owners/managers* and (c) *shared colonial heritage* on the main effect of diaspora networks on post-M&A performance. The model thus provides scholars and practitioners with a diaspora network perspective for understanding the performance of cross-border M&As in Africa. For academics, this chapter offers a proposed conceptual model that is testable and can be expanded to include other attributes of the diaspora network or other contextual factors such as formal and informal institutional determinants. For M&A practitioners, this chapter could mean creating awareness regarding the effect of diaspora networks and identifying its related key influencing factors that can undermine or strengthen the outcome of cross-border M&As in Africa.

The rest of the chapter is structured as follows. First, the theoretical background is introduced detailing the trends and overview of African M&As, and thereafter, the concept of diaspora networks is introduced and defined. Second, a model and propositions are developed by establishing a linkage between diaspora networks and African cross-border M&As. Finally, the chapter ends with conclusions and suggestions for future research.

2 Theoretical Background

2.1 African Cross-Border M&As: Trends and Overview

M&As have increasingly become common as a key medium for foreign direct investment (FDI) in Africa. For example, a recent report on 'African M&A brief and top deals 2016' shows an increase (by value) of 49.1% in M&A activity on the continent compared to 2015 (Mergermarket 2016). Factors such as greater diversification, increased economic stability in various African countries, an abundance of natural resources throughout Africa, as well as the existence of sizable consumer markets in many African countries, have supported the strong growth in M&A activity in Africa (Mergermarket 2012; Triki and Chun 2011). Similarly, a recent empirical study which explores jointly firm- and country-specific antecedents of African M&As find that improvements in time varying country-level factors such as location advantages (market size, human capital and efficiency opportunities), national governance quality, stock market development, and firm characteristics are linked to an increase in the volume of M&A activity (Tunyi and Ntim 2016).

Figure 1 presents an overview of the trends in African M&A in terms of the number and value of deals from 2010 to 2015. Cross-border M&As (that is, deals undertaken between firms of different national origin—Shimizu et al. 2004), constitute about half of all announced M&A deals globally (Clifford Chance 2013). For example, in 2015, the total value of cross-border M&As globally surged to over \$721 billion, an increase of approximately 67% over the total value of 2014, and thus

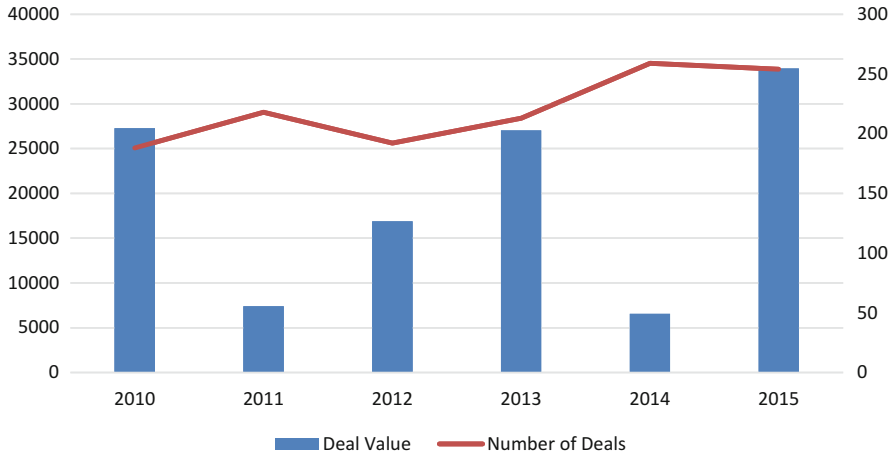


Fig. 1 Cross-Border M&A Activity on the African Continent, 2010–2015 (Based on report generated from the Securities Data Corporation (SDC) Platinum International Mergers (IMA) Database. Search criteria included (1) deal announcement date from January 1, 2010 to December 31, 2015; (2) target nation region of North Africa (NA) or Sub-Saharan Africa (SF) to capture the entire continent; and (3) completed deal status)

considered as a key factor behind the global rebound (UNCTAD 2016). Relatedly, the majority of African M&As also occur through the cross-border mode in quest for improved performance (see, African Development Bank 2012; Degbey and Ellis 2017). For example, according to a Clifford Chance (2013) report, the annual growth of cross-border M&As in Africa as a target region considerably outpaced other regions in 2012. Regarding these cross-border M&As in Africa, further empirical evidence shows that two specific types of cross-border acquisitions of African targets—inter-continent (e.g., acquiring firms headquartered in Western developed countries) and intra-continent (e.g., acquiring firms headquartered in African countries other than the target nation)—were completed even during the global financial and economic downturn in 2010, resulting in what was at the time near record levels of annual M&A activity on the African continent (Mergermarket 2012; Thomson Reuters 2012).

Despite the growing attention Africa M&As are receiving, questions regarding how performance can be enhanced in such deals, considering the unique characteristics of the continent, remain a burning issue (see, Degbey and Ellis 2017). This is not surprising though, as the broader M&A literature equally documents very little about key drivers of M&A performance associated with African cross-border deals (see Ellis et al. 2015; Erhun et al. 2005; Gomes et al. 2012). Recently, practitioner-oriented studies suggest that both global and pan-African private equity funds are becoming more active in the Africa M&A landscape (Clifford Chance 2015). The latter claim is also supported by anecdotal evidence that Africans who currently live abroad are very active in some of these equity and investment funds/firms, which accounted for 46%—almost half—of the African M&As where the primary

operations of the acquiring firm and the target firm are unrelated (see, Degbey and Ellis 2017). Indeed, the aforementioned assertions have provided us a hint on one of the key influencing factors for improved post-M&A performance in African cross-border M&A deals, i.e., the importance of *diaspora networks* in such international business transactions.

2.2 *Diaspora Networks: The Concept*

As Butler noted “Human beings have been in perpetual motion since the dawn of time, but not all their movements have resulted in diasporas” (2001, p. 189). So what do diasporas mean? According to Safran (1991), diasporas are migrants and their descendants who maintain a relationship to their country of origin (see also Butler 2001 for a review of definition and refining a discourse). Other scholars describe them as “circular migrants” because they return to the homeland to live for limited periods of time and/or maintain households in both the country of origin and country of residence/settlement (Graeme 2003). Furthermore, it is noted that diasporas can establish “social fields that link together the country of origin and the country of settlement” (Ma and Cartier 2003, p. 4).

The literature, specifically, on diaspora networks in international business and management research is still emerging (see, e.g. Brinkerhoff 2009; Elo 2015; Elo and Riddle 2016; Lewin and Zhong 2013; Riddle and Brinkerhoff 2011) and thus scarce, although vast diaspora-related literature, such as in history, sociology, ethnology, and public administration exists. A recent state-of-art review on diaspora networks, specifically in the context of international business, identified six interesting diaspora-related themes, including but not limited to economic development, foreign direct investment, diaspora direct investment, diaspora knowledge, abilities, and learning, and thus help to further establish the importance of the concept within the limited extant literature, and to expand our understanding of the economic dimensions of diaspora networks (Elo 2015). According to Kuznetsov (2006) diaspora networks are social formations, also regarded as self-organized groups of expatriates. The author and others note that these networks, with their risk-mitigating knowledge and connections, serve as a bridge linking key “insider” decision-makers in developing economies to outsiders in command of technical know-how and investment capital (Kuznetsov 2006; Plaza and Ratha 2009).

In addition, other scholars add that diaspora networks can play an active role in the global organization of talent and work (see Lewin and Zhong 2013). Moreover, diasporas have in some instances substantively contributed to economic development of their home countries (Riddle et al. 2010; Sonderegger and Taube 2010). For example, the diaspora network of Indians, especially the expatriates in the U.S, is noted to have played a crucial role in the rise of the Indian IT outsourcing industry, including the initial establishment of the contacts necessary for implementing the early international contracts and the continued development of these contracts (Schaaf 2005). Further, as a source of new dynamism, diaspora networks have

recently become a critical focus of national policy in emerging economies, where for example, Science and Technology policies may require alignment with national innovation investment strategies for leveraging the know-how of diaspora members (see Lewin and Zhong 2013). Furthermore, according to Dutia (2012) diaspora networks in today's context are evolving entities, which have become more structured and interdependent compared to being internationally dispersed networks, as generally conceived previously.

In cognizance with descriptions of diaspora networks by Kuznetsov (2006) and Dutia (2012), we describe *diaspora networks in African M&As* to mean a set of diasporas who represents a part of the senior leadership of an acquiring firm involved in cross-border M&A transaction in the target nation. Following this definition, we developed a framework and set of propositions to capture why, how, and when diaspora networks are theorized to affect post-M&A performance of deals occurring on the African continent.

3 Diaspora Networks in African M&As: A Framework and Propositions

3.1 Diaspora Networks: Post-M&A Performance

Diasporas possess invaluable, first-hand knowledge of business practices, political environments, and culture in their homeland (Minto-Coy 2016). And, within the African context, other countries within the continent are the main destination for migrants (Akyeampong 2000; Plaza and Ratha 2009) which implies that some in the African diaspora may experience life in another African country before leaving the continent. Moreover, African diasporic communities in countries such as the United States and United Kingdom frequently forge social networks among themselves due in part to the comfort derived from shared racial affinities (Akyeampong 2010). This further increases knowledge and understanding of conditions in different African countries beyond an individual's homeland. With more members of the African diaspora in the senior management ranks, it is likely that these individuals will hail from different African countries, have spent time in other African countries, and established social networks with individuals from other African countries, thus expanding their collective knowledge and understanding of the formal and informal institutional contexts present on the African continent. And, though the countries of the African continent have diverse systems governing business transactions, political structures, and cultural norms, many African countries share a common feature of high within-country fragmentation among different sociopolitical groups that is linked to the tribal structure (George et al. 2016). This common experience of living in a fractionalized society becomes another resource of the African diaspora that should be beneficial in dealing with market uncertainties and facilitating business investments on the continent.

Larger size networks of diaspora members from Africa who serve in senior leadership positions of the acquiring firm should be able to leverage both their combined direct knowledge of African target country conditions and their shared general understanding of how to function in a fractionalized African society in ways that enhance the M&A decision-making process. This in turn facilitates the acquiring firm's ability to overcome various liabilities of foreignness (Minto-Coy 2016) and identify as well as evaluate opportunities that create value via its M&A investment (Plaza and Ratha 2009). Moreover, diaspora members serving as senior leaders within the acquiring firm are likely to utilize their knowledge and understanding of the local context in ways that foster communication with members of the African target firm and encourage their cooperation during the M&A process. These collective actions of strategic leaders from the diaspora positions the acquiring firm to enhance its performance following the acquisition of an African target firm.

Proposition 1 The stronger the diaspora network in the acquiring firms, the better the post-M&A performance.

3.2 *Contextual Factors as Moderators*

3.2.1 *Diaspora Time Outside of the Continent*

The quality and level of resources provided by the diaspora network is likely to be influenced by the amount of time individuals have resided out of the African continent (see also Kuznetsov 2006). When members of the diaspora network have been residing and working in environments outside of Africa for a short time period their knowledge of and social capital in their homelands is likely to be greatest. However, their ability to leverage this knowledge on behalf of the acquiring firms may be limited because African target firm managers as well as various stakeholders in the African target nation may not hold them in high regard for several reasons. First, there may be some feelings of resentment in that the diaspora members were afforded the opportunity to leave the African continent (see Al-Ali et al. 2001, on refugees and transnationalism). Second, there may be limited respect shown to the diaspora members who have been away for a short time period because it is likely that people in their homelands perceive them as not having learned much or accomplished anything of significance from "being in foreign". For respect is given to those who upon returning home are perceived to have achieved success and attained wealth while living abroad (Akyeampong 2000). Negative feelings may also exist among members of the African target firm and others in the African target nation, when diaspora members have lived and worked outside of the African continent for long, extended periods of time. Upon returning to their African homelands, diaspora members acknowledge that they have adapted work practices, consumption patterns, and other lifestyle or cultural elements of the country to which they migrated (Black et al. 2003). These differences along with efforts to bring about

change in their homelands may in turn create perceptions among local Africans who have never lived abroad that diaspora members are no longer “one of us” and need cultural reorientation (Abdile and Pirkkalainen 2011; Mazzucato 2007). Moreover, as members of the diaspora network spend more time outside of the African continent the accuracy of their knowledge about the local context and quality of their relationships with individuals in their homeland deteriorate (Ammassari 2004).

Proposition 2 The time the diaspora network members spend outside of Africa moderates their main effect on post-M&A performance such that it is weaker at both lesser and greater time outside of Africa.

3.2.2 Shared Colonial Heritage

Colonial ties and colonial heritage are still revealed on the African continent in terms of the official languages of the various African countries and the type of legal system—mainly common law or civil law—used in each African country (see Joireman 2001) and even management research and managerial thinking (see Amankwah-Amoah 2016). Also, colonialization, mainly through missionary work and the introduction of European religions which are still practiced, instituted more Westernized values, beliefs, and practices of the ruling country which continue in many African countries (Khapoya 2012). These factors have significant effects on business transactions and cultural norms in present-day Africa countries, especially in urban areas, which in turn influence the practices and values of African target firms, their employees, and other stakeholders (Zoogah et al. 2015). But, by sharing the same language, legal systems, religions, and cultural backgrounds, African diaspora networks are able to help foreign firms overcome various information asymmetries and other market imperfections which reduce transaction costs (Plaza and Ratha 2009). In addition, the existence of shared colonial heritage fosters communications with individuals in the host African country and better understanding of regulations and procedures in that country.

When African diaspora members who serve on the acquiring firm’s senior management team were born in the same country as the focal African target firm or born in an African country that had the share colonial power, then familiarity with the official language, legal system, non-indigenous religions, and other institutional factors in the focal African target nation is greater. For example, if the diaspora network is made of Ghanaians, South Africans, and Nigerians, then their knowledge, connections, and other resources are theorized to have greater influence when the African target nation is Kenya where there is significant shared colonial heritage as compared to Rwanda where such shared colonial heritage does not exist. As such, both the relevance of their knowledge and understanding of the African context and their ability to leverage it in ways that reduce information asymmetries and yield other benefits crucial to creating value during the M&A process is strengthened when the diaspora network has greater shared colonial heritage with the African target nation. Moreover, a shared colonial heritage with members of the African

target fosters communications among members of the African diaspora network and the members of the target firm as well as facilitates a greater understanding of the human resource management issues that require attention during the integration process, both of which have been shown to positively influence M&A outcomes in the African context (Gomes et al. 2012).

Proposition 3 The diaspora network members' shared colonial heritage with the target firm's home nation moderates their main effect on post-M&A performance such that it is stronger in the presence of shared colonial ties.

3.2.3 Tribal Ties

The traditional tribal structures remain in many African countries. Tribes, with chieftaincy and councils of elders, play a critical role in the sociopolitical environment present within a given African country (Zoogah et al. 2015). And, kings and chiefs, considered traditional political leaders, have been shown to exert significant influence on business and economic exchanges in the formal political system making relationships with them quite valuable (Acquaah 2007). In addition, in many African countries with high tribal diversity, national elections are quite often decided by tribalism. For example, in Kenya political alliances are formed along tribal lines causing tribalism to have a significant effect on the outcome of the 2008 national election and others since the country's independence (Nayambura 2017). Tribal affiliation and alliances among tribes also influence voting patterns in national elections in Ethiopia, Gabon, Ghana, and Zambia among other countries. Because of the linkage between tribes and elected political leaders, members of the diaspora network of the acquiring firm who have ties with the ruling tribes in the target African nation would also have connections with government officials. As a result of tribal ties to government officials, the diaspora members receive better access to information and possess more social capital which can prove valuable in dealing with uncertainty in the business environment of the African target nation (Acquaah 2007). This in turn facilitates the evaluation of investments and negotiation of business transactions. Thus, it can be quite beneficial when African diaspora members who serve on the acquiring firm's senior management team have tribal ties with political leaders of the African target nation. Doing so positions them to leverage their connections and social capital with government officials in ways that facilitate the overall M&A decision-making process as well as post-deal performance.

Proposition 4a The diaspora network members' tribal ties to government officials in the target firm's home nation moderates their main effect on post-M&A performance such that it is stronger in the presence of tribal ties.

Relationships and ties with top managers at other firms also facilitate access to resources and knowledge which can be useful in reducing uncertainties (Acquaah 2007). As such, the diaspora networks' tribal ties with owners and managers of the target firm is generally posited to help improve performance. However, other studies

mention that while tribal ties may be beneficial in some instances, they also are fraught with issues and costs that hinder firm performance. For example, managers of successful small and medium enterprises, which characterizes many of the African target firms, are expected to provide jobs, loans, and other economic resources to members within their social system consisting of the clan, community, and tribe (Acquaah 2008). This can result in inappropriate staffing (i.e., too many workers or a mismatch between their skills and the job requirements) and the diversion of critical resources needed to sustain and grow the business. Also, firm owners and managers with tribal ties have a tendency to not only hire and promote others from their tribe, but also retain tribal members that otherwise might be fired because of performance issues due to a sense of both social obligation and responsibility (Ugwuegbu 2001). As such, tribalism or nepotism have been shown to contribute to inefficiency, reduced productivity, and lower performance (Zoogah et al. 2015). And, when both the members of the diaspora network of the acquiring firm and managers of the African target firm have connections to the same tribe, then the societal expectations for them to hire and retain fellow tribal members and provide other economic resources for the community and tribe will be even greater. This in turn is expected to weaken the otherwise positive effect of the diaspora network on post-M&A performance.

Proposition 4b The diaspora network members’ tribal ties to owners/managers of the target firm moderates their main effect on post-M&A performance such that it is weaker in the presence of tribal ties.

Following the conceptual discussion and propositions development in both Sects. 3.1 and 3.2, we present our conceptual model of diaspora networks in African cross-border M&As.

Figure 2 provides the model of the theorized relationship between the focal concept of our chapter (i.e. diaspora networks) and post-deal performance of African M&As. In addition, it incorporates three moderating factors particularly germane to the African context which are likely to affect the main theorized relationship.

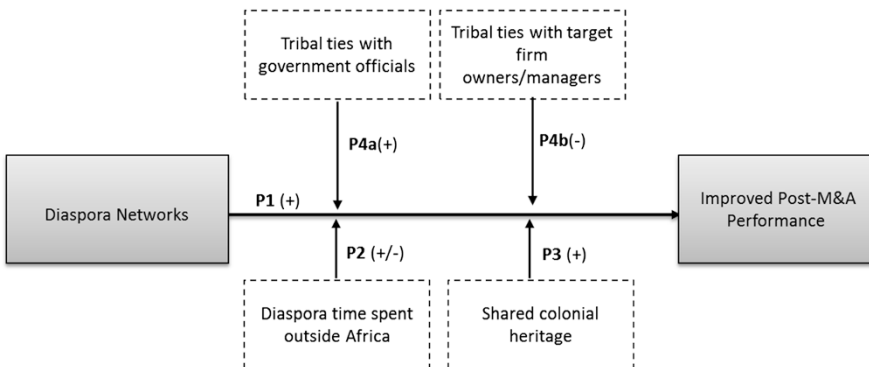


Fig. 2 A model of diaspora networks in African M&As

4 Conclusions and Future Research

We began by noting that M&As are important initiatives despite their mediocre performance, and have been extensively studied especially in the mature, advanced markets of North America and Western Europe over the last half-century. However, despite recent rise in research interest especially regarding cross-border M&As in emerging markets (Buckley et al. 2012; Madhok and Keyhani 2012; Sun et al. 2012), we still have little understanding about factors that influence and moderate the performance of these phenomena, particularly in unique institutional contexts, such as the African continent (Degbey and Ellis 2017). In this chapter, we focused on African cross-border M&As, which has received recent calls for conceptual development to improve our understanding of the factors and mechanisms through which the degree of success for M&A initiatives in Africa can be predicted (see, Degbey and Ellis 2017; Ellis et al. 2015). More specifically, we introduced and explored theoretically the influence of diaspora networks on African M&As, but we took a perspective on diasporas which looked beyond country boundaries and not on any specific countries of origin within the continent (see also Schotter and Abdelzaher 2013). We deemed this focus valuable, as not only had cross-border M&As continue to be popular especially with transactions incurring and requiring improved understanding in African markets (Gomes et al. 2012; UNCTAD 2014), but recent studies also suggested them to foster regional and national economic development within the continent (e.g. Tunyi and Ntim 2016).

We provide relevant theoretical contributions, and also insight for managers in light of the core arguments of this chapter. First, our main argument suggests that African cross-border M&A performance is enhanced by a set of diasporas who represents a part of the senior leadership of an acquiring firm involved in cross-border M&A initiatives in the target (African) nation, unlike the views advanced by managerial network approaches such as strategic networks (Jarillo 1988; Möller and Rajala 2007) and business networks (Easton and Axelsson 1992; Håkansson 1987) to M&A research and practice. In other words, prior network approaches such as strategic and business networks employed to expand understanding of M&A performance (see, e.g. Degbey 2011, 2016a, b; Degbey and Pelto 2013, 2015), placed more emphasis on interfirm relationships rather than the importance of individuals (e.g. diasporas) and their social contacts. Thus, this chapter's theoretical distinctiveness from prior network-related studies in M&A research is how it is underpinned by the conceptual core of 'diasporic ties' that exert enabling and constraining influences on the outcome of African M&As. Indeed, our focus is consistent with a recent special issue editorial related to diaspora investment and entrepreneurship, which identified "diaspora networks" as one of the key research issues, and recognized such diaspora networks as a new frontier in the literature concerning foreign investment (e.g. cross-border M&A) and developing countries, with implications for IB strategy and theory development (Kotabe et al. 2013). Thus, employing the concept of diaspora networks, can strengthen and provide solid theoretical substance

to explaining performance of cross-border M&As in Africa, by offering some underlying diaspora-driven factors and mechanisms.

Second, as a step towards developing an emerging understanding of a diaspora network perspective, this chapter draws attention to its linkage with M&A performance within the Africa continent. The chapter provides a conceptual model that explains the linkage between diaspora networks and post-M&A performance. The proposed model highlights that diaspora networks are positively related to improved post-M&A performance. Moreover, the effect of diaspora networks on enhanced post-M&A performance is moderated by diaspora's time spent outside Africa, tribal ties with government officials and target firm owners/managers, and shared colonial heritage (i.e. the positive relationship of diaspora networks on post-M&A performance is strengthened or weakened by the moderating variables in the theorized relationships).

For managers and executives involved in M&As, taking a diaspora network lens can thus provide novel insights into crucial strategic (implementation) decisions, particularly with respect to the enabling and constraining strategic set of social/relational ties in M&A context, and to also help provide practical implications and awareness for executives/managers regarding the diaspora elements behind enhanced post-M&A performance. Therefore, managers and executives involved in African M&As are advised to be aware of the influencing tendencies of diaspora networks. If disregarded, the effects can be costly for the overall outcome of the M&A endeavor.

This chapter has limitations that can help provide suggestions for future research. A key limitation of this study is that it is a conceptual work, which contributed mainly to the development of a theoretical model and propositions for future empirical testing. Therefore, empirical work is needed to know whether the theoretical links between the framed propositions can be established. In addition, despite the model links diaspora networks with the post-M&A performance variable, we believe that the breadth of the model can still be expanded to enhance its comprehensiveness. Employing only four main variables including the dependent variable (and excluding the outcome variable), it left out relevant diaspora influencing variables, for example, religious/cultural groupings (see Schotter and Abdelzaher 2013). Particularly in African diaspora studies, cultural effects can be very strong and are thus expected to impact post-M&A performance. This also highlights the double-edged sword effect of diasporas as both an opportunity and a constraint, and could be of interest for future studies that move beyond post-M&A performance to also establish a link to development economics.

Thus, further studies would deepen the understanding of diaspora networks in M&A context, while also testing empirically whether our theorized relationships in this study are relevant in other settings as well as clarifying any contemplation of their meaning in applied sense.

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Internationalization Intentions in Domestic New Technology-Based Firms: A Comparison Between Immigrant and Non-immigrant Entrepreneurs



Daniela Bolzani

Abstract Several studies have shown that immigrant entrepreneurs have a greater likelihood than native entrepreneurs of internationalizing their business. However, to date, we have only limited knowledge about whether and how domestic immigrant and native entrepreneurs differ with regard to the decision-making processes that are antecedent to internationalization behaviors. This chapter sheds light on this issue and focuses on the cognitive determinants of entrepreneurs' intentions to internationalize. Theoretically building on intention models of entrepreneurial behavior, this work compares whether immigrant and non-immigrant entrepreneurs present heterogeneous perceptions of the feasibility and the desirability of internationalization opportunities. Comparative analyses are conducted on unique primary data that were collected from a matched-pair sample of 140 domestic foreign-born and native entrepreneurs who are active in new technology-based firms in Italy. The results show that the two groups of entrepreneurs do not differ with regard to the perceived desirability of internationalization; however, they do differ in terms of perceived feasibility. In particular, whereas the foreign-born entrepreneurs demonstrate a stronger individual-level perceived feasibility towards internationalization, they also show significantly lower perceived external support than the native entrepreneurs. The implications of these findings for research and policy are discussed.

1 Introduction

Given the overarching transformations in contemporary business environments, small companies have increasingly been involved in internationalization processes as they have been called to compete on the global stage in activities such as developing networks and relationships with other actors (Wright and Dana 2003). In this landscape,

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theories of entrepreneurship have advanced our understanding of the internationalization of small companies, complementing other established theoretical approaches to international business (Dana et al. 1999; Jones et al. 2011; Young et al. 2003).

Entrepreneurial internationalization is a process that results from the joint presence of an entrepreneurial cross-border opportunity and an entrepreneurial individual who can take advantage of it (Di Gregorio et al. 2008; Oviatt and McDougall 2005). In this regard, the characteristics of entrepreneurs (Miesenbock 1988; Oviatt and McDougall 2005; Reid 1981) and the cognitive processes that they adopt to make decisions (Zahra and George 2002; Zahra et al. 2005) are key to the dynamics of international entrepreneurship. Several studies have shown that immigrant entrepreneurs have different perceptions of entrepreneurial opportunities (Bolívar-Cruz et al. 2014) and that they have a greater likelihood of internationalizing their business than native entrepreneurs (Jiang et al. 2016; Neville et al. 2014; Wang and Liu 2014). In fact, immigrant entrepreneurs have been found to possess more international networks, international work experience, cross-cultural skills, and knowledge of foreign markets, which can facilitate international entrepreneurship (e.g., Crick et al. 2001; Kloosterman et al. 1998; Portes et al. 2002; Saxenian 2002; Vandor and Franke 2016).

However, because the exploitation of international market opportunities is the only visible outcome of a set of decision-making processes that concern international market opportunities, to date, there is limited knowledge about whether and how domestic immigrant and native entrepreneurs differ with regard to the antecedents of internationalization behaviors. This chapter sheds light on this issue by providing evidence on the cognitive determinants of the intention to internationalize building on intention models of entrepreneurship (for reviews, see Krueger et al. 2000; Schlaegel and Koenig 2014). Intentions models are theoretically robust and appropriate to predict subsequent behavior (Bagozzi et al. 1989) in the field of entrepreneurship (Kautonen et al. 2015; Schlaegel and Koenig 2014).

The data for this study were collected through face-to-face structured interviews with 140 non-internationalized, new technology-based companies that are established in a region in the North of Italy during the period from 2000 through 2011. The data collection included the evaluation of intentions to internationalize with regard to two potential opportunity scenarios, i.e., exporting and opening a foreign subsidiary. The sample follows a matched-pair design, including 71 companies that were established and are managed by foreign-born entrepreneurs and 69 companies that were established and are managed by Italian entrepreneurs. The companies were one-to-one accurately matched in terms of firm age, product and/or service, industry, and entrepreneur age. The use of a matched-pair design is a rare occurrence in immigrant entrepreneurship studies (e.g., Chaganti et al. 2008), and it provides fresh and relevant insights into the differences between entrepreneurs who belong to the same “class,” thus reducing the risk of producing results that are biased by “ethnic exceptionalism” (Jones and Ram 2007).

This study focuses on the important cognitive antecedents of internationalization intentions in small, domestic new technology-based companies, and it compares immigrant- and non-immigrant-owned companies. The study presents descriptive statistics about the companies and their entrepreneurs, and it provides an in-depth comparative investigation of the latent factors that represent the antecedents of

internationalization intentions. In particular, the study identifies possible heterogeneities within the immigrant entrepreneurs group, and the analyses take into account whether two different definitions of “immigrant status” (e.g., a foreign-born individual *versus* an ethnic national) can affect the results.

The findings show that internationalization opportunities are equally desirable to domestic immigrant and non-immigrant entrepreneurs, whereas the two groups of entrepreneurs differ in their perceptions of the feasibility of internationalization opportunities. Because intentions are a key predictor of subsequent behaviors, it is important for policy-makers to know whether and how the antecedents of internationalization intentions differ for different groups of entrepreneurs—such as immigrant and non-immigrant entrepreneurs—to design effective policies to support entrepreneurial internationalization.

The chapter is organized as follows. First, it will introduce a theoretical overview of intention models that are applied to entrepreneurial internationalization and the impact of entrepreneurs’ heterogeneity with regard to their immigrant status. Second, it will describe the research design for the study, including sample selection, data collection, and the measurement of variables. Third, the empirical results will be presented to describe the sampled population and to test any difference in internationalization intentions for immigrant and non-immigrant entrepreneurs. A final section discusses the findings and draws conclusions for theory and policy-making.

2 Theoretical Background

International entrepreneurship has emerged as a key area for advancing research in international business, entrepreneurship, and strategic management (Young et al. 2003). As described by Dana et al. (1999: 4–5), “opportunities for entrepreneurship are becoming less restricted to domestic markets. As the domestic/foreign distinction begins to disappear, entrepreneurs need a new orientation with new attitudes, new skills, new knowledge, and new sensitivity to different cultures.” International entrepreneurial opportunities are perceived situations that enable the creation and introduction of future goods and services that create new value for international markets (for a review, see Mainela et al. 2014). The perception of international opportunities, in terms of ideas, beliefs, and possible ways to exploit them, is thus essential to entrepreneurs (Sarasvathy et al. 2003).

Entrepreneurs evaluate potential international business opportunities by taking a first-person, future-oriented stance and considering how they might best exploit them (see Haynie et al. 2009). Because entrepreneurial action is goal-directed, i.e., intended to create new future value for entrepreneurs’ firms and for markets (Bird 1988), entrepreneurial intentions have been identified as the best predictors of subsequent entrepreneurial action (Kautonen et al. 2015; Schlaegel and Koenig 2014). Intentions are cognitive states that are temporally prior and close to a planned behavior (Ajzen and Madden 1986), and intention models have been demonstrated to be a robust framework for the analysis of intentional entrepreneurial choices (Krueger et al. 2000; Schlaegel and Koenig 2014).

Building on these theoretical insights, some studies have engaged in analyzing internationalization intentions and their antecedents (e.g., De Clercq et al. 2005; Sommer and Haug 2011; Sommer 2010; Yang et al. 1992). This type of research presents two notable sets of challenges. First, investigating international entrepreneurial intentions entails focusing on what occurs before the first entry into international markets, which has rarely been addressed in the internationalization research (Baum et al. 2012; Tan et al. 2007). Second, because of the cognitive and latent nature of the variables of interest, the data must be purposefully collected by researchers through lengthy and costly primary data collection. In this study, I add to the limited evidence on internationalization intentions by focusing on entrepreneurs' immigrant status as a source of heterogeneity that can affect entrepreneurial internationalization intentions in the pre-internationalization phase (Shepherd et al. 2015).

2.1 *Internationalization Intentions*

Intention models, which are rooted in cognitive psychology (e.g., Ajzen and Fishbein 1980; Ajzen and Madden 1986; Shapero 1982), can be used to provide an understanding of the antecedents to internationalization decisions. Consistent with the prior literature, entrepreneurs develop their intentions to internationalize both on the basis of the desirability and of the feasibility of such opportunities (Krueger 2007; Krueger et al. 2000; Stevenson and Jarillo 1990). Desirability is related to the attractiveness of entrepreneurial internationalization in terms of values or beliefs (see Krueger 2007). Drawing on the previous literature, entrepreneurs' perceived internationalization desirability can be modeled based on perceptions regarding the self and the external environment, such as individual attitudes, organization-level attitudes and subjective norms (Krueger 2007; Krueger et al. 2000). Feasibility involves the perceived ease of internationalization (see Krueger 2007) and is based on entrepreneurs' perceptions regarding individual-, organizational- and environmental-level available skills, knowledge and resources (Fini et al. 2012; Schlaegel and Koenig 2014). This study adopts a model that illustrates the cognitive infrastructure of entrepreneurial internationalization, as is shown in Fig. 1.

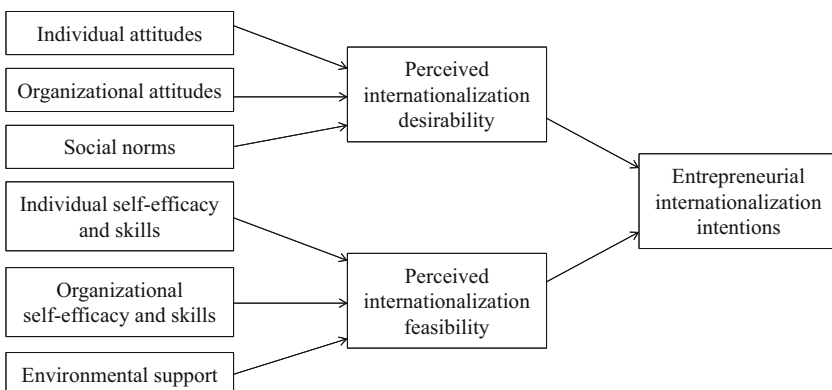


Fig. 1 Model of international entrepreneurial intentions

2.2 *Heterogeneity in Entrepreneurs' Characteristics: Immigrant Status*

In the past 40 years, a wide body of research has aimed at studying the characteristics, determinants, and outcomes of immigrant entrepreneurship (for reviews, e.g., Aliaga-Isla and Rialp 2013; Dana 1997; Zhou 2004). The literature has shown that entrepreneurship for immigrants is driven either by cultural or societal factors. For example, following Weber's (1930) seminal work, several studies have suggested that immigrant entrepreneurship is culturally influenced by the ethnocultural milieu. Other studies have taken a structural approach to analyze this phenomenon by focusing on the immigrants' marginal position in host societies, such as that which is exemplified in the work of Hagen (1962). Elaborating on the interaction between the ethnocultural milieu and the host environment, some studies have explained immigrant entrepreneurship as an ethnicity-enhanced adaptive behavior, such as those that adopt ethnic enclave theory (e.g., Light 1972; Portes and Jensen 1987) and middlemen minority theory (e.g., Light and Bonacich 1988), or the interaction between the opportunity structure of the host society and the social structure of the ethnic group (e.g., Aldrich and Waldinger 1990; Waldinger 1986). While these studies have been aimed at complementing the previous studies that have focused on the individual-level determinants of entrepreneurship, the investigation into how the immigrant status can significantly affect the cognitive processes behind entrepreneurial opportunity recognition and evaluation (Bolívar-Cruz et al. 2014; Morris and Schindehutte 2005) has lagged. In particular, to date, we have limited evidence about any differences between immigrant and native entrepreneurs in their cognitions with regard to international market opportunities.

I argue that living a migratory experience constitutes a type of "developmental experience" for immigrants, changing their attitudes and perceptions (see Krueger 2007). I thus suggest that significant differences can be expected between the cognitive infrastructure that is related to internationalization intentions in domestic immigrant and native entrepreneurs with regard to both the desirability and feasibility of internationalization opportunities. First, with regard to internationalization desirability, immigrant entrepreneurs are a self-selected group of individuals who undertake the risks of migration to improve their lives and earnings (Constant and Zimmerman 2006; Lin and Tao 2012) and thus can be expected to have higher motivations to improve their labor status (Chiswick 1978). In this regard, immigrant entrepreneurs may develop favorable attitudes towards internationalization because international entry could be a way to break-out from ethnic enclave markets (see Ram and Hillin 1994). In addition, immigrant entrepreneurs can develop global mindsets because they are exposed to a foreign culture, either directly or indirectly (e.g., influence from close family members with foreign origins) (Arora et al. 2004; Nummela et al. 2004).

Second, with regard to internationalization feasibility, the previous literature shows that immigrant entrepreneurs can draw on international networks, international work experience, cross-cultural skills, and knowledge of foreign markets (e.g., Crick

et al. 2001; Evangelista 2005; Neville et al. 2014; Portes et al. 2002; Saxenian 2002). All of these experiential competencies can increase individuals' perceived levels of self-efficacy (Muzychenko 2008) in recognizing, evaluating, and exploiting internationalization opportunities. At the same time, several studies have shown that immigrant entrepreneurs are at a greater disadvantage than native entrepreneurs with regard to embarking on entrepreneurial endeavors in the host country. In fact, they often face the hardship of legal and bureaucratic regulations, adverse labor market conditions, limited or nonexistent name recognition, cultural unfamiliarity, language barriers, and limited access to resources (e.g., Bonacich and Modell 1980; Cerdin et al. 2014; Clark and Drinkwater 2000; Portes and Rembaut 2006; Ram et al. 2003; Waldinger 1986). I therefore argue that these structural disadvantages (Aldrich and Waldinger 1990; Zhou 2004) can affect immigrant entrepreneurs' perceptions of the environmental support that underlies perceived feasibility of international opportunities.

3 Research Design

3.1 Sample Selection

This study draws on a unique set of data that were collected in 2012 through face-to-face structured interviews with entrepreneurs in new technology-based firms (NTBFs) (Colombo and Grilli 2005) in the region of Emilia-Romagna, in the north of Italy. The sampling strategy is a critical issue in this study. To provide a meaningful and interesting context for the analyses, the selected firms were active in technological and innovative industries that are potentially more interested in internationalization (Coviello and Jones 2004; Sahin et al. 2007; Saxenian 2002).¹ Therefore, all of the companies that were sampled for this study are active in the 'cognitive-cultural' industries (Kloosterman et al. 2016) rather than ethnically bounded markets. In addition, the sampled firms were from the same region, which thus allows us to control for environmental munificence and norms and to ensure a high level of internal validity (for a similar approach, see Fini et al. 2012). The chosen region is particularly interesting for two reasons. First, this region has among the greatest numbers of immigrant in the territory (incidence in the total population: 11.3%, Caritas Migrantes 2011); thus, it also has a higher number of immigrants who engage in entrepreneurial activities (Regione Emilia-Romagna 2011). Second, the economy of the region is characterized by a production system of small and medium enterprises that are especially active in the high-tech and innovative industries (Fini et al. 2012). The population has been identified by the official business registers that are managed by the national chamber of commerce system (Unioncamere).

¹The sampled industries include the following: pharmaceuticals; computers, electronic and optical products; electro-medical equipment, measurement equipment and watches; electrical equipment and non-electrical equipment for domestic purposes; medical and dental instruments and supplies; software, informatics consultancy and connected activities; ICT services and other informatics services; technical testing and analysis; machinery; transportation devices and machines.

The sampling and data collection were conducted in two steps. First, a full list of firms that were established from 2000 through 2011 in the selected sectors and that are owned by at least one foreign-born entrepreneur was obtained from Unioncamere ($N = 561$). The firms that were controlled by more than 50% of their capital by other companies, firms in the process of failing, and firms for which no contact (e-mail or telephone) was available ($n = 293$) were excluded. Given the focus on internationalization intentions, I then started to contact the remaining firms and excluded those that in the previous year had conducted any international activity, i.e., exporting more than 10% of their annual sales or having a commercial and/or productive subsidiary abroad ($n = 62$). After these operations of elimination and selection of the appropriate sample, the population of interest was composed of 135 firms. By telephone contact with the identified partners, I requested to these firms for an in-depth interview, reaching 71 firms with at least a foreign-born partner (response rate: 53%). As a second step of the data collection, I matched these firms with high- and medium- tech firms that are owned by only native Italian entrepreneurs based on the following criteria: sector of activity, product and/or service marketed, year of establishment, and age of entrepreneur. I was able to match 69 firms with the foreign-born sample, for a total of 140 firms (response rate: 49%).

3.2 Data Collection

The data collection was conducted through face-to-face structured interviews with the selected entrepreneurs, who were owners and managers of the firms. I designed a survey protocol that is organized in two parts, one to collect information at the firm level and one to collect individual-level data. The firm-level questionnaire is structured in the following three sections: (1) firm age and equity composition; (2) output and input market and competition; (3) innovation and performance. The individual-level questionnaire is structured in eight sections that include: (1) opening questions; (2) entrepreneurial orientation and source of information for business activities; (3) motivations to internationalize; (4) individual- and organization-level skills for internationalization; (5a) perceived export desirability, feasibility and intentions; (5b) perceived foreign direct investment (FDI) desirability, feasibility and intentions; (6) perception of distances with selected target countries; (7) entrepreneur's demographic and background information; (8) entrepreneur's involvement in ethnic networks and cultural values. In both of the questionnaires, where possible I employed measures that have been used and validated in previous studies. The questionnaires were pre-tested on a panel of 10 experts (entrepreneurs and academics) to obtain feedback on completeness, clarity, and wording. I personally collected the primary data from the face-to-face interviews with the entrepreneurs from December 2011 to July 2012, with interviews that lasted on average 1.5 hours. I also collected secondary data (Telemaco and AIDA databases) regarding the firms and their entrepreneurs in August and September 2012.

The non-response bias was tested by checking for any difference between the respondent and the non-respondent firms on several variables (i.e., industry, legal form, province, equity capital, and age of the entrepreneurs). No significant differences were found between the two groups of firms, with the exception of firm age (mean year of establishment: respondent firms = 2006.13; non-respondent firms = 2005.09; mean difference $p = .019$). However, because the difference between the non-responding and the responding firms is negligible (i.e., one year difference), non-response bias is not an issue in this study.

3.3 Measurement

Perceived Desirability of Internationalization I investigated three specific factors that pertain to the desirability of two potential modes of entry, i.e., exporting and FDI, which are as follows: (1) entrepreneurs' individual attitudes towards internationalization, which refers to the degree to which the entrepreneur holds a positive or negative evaluation about business internationalization, which was measured as a 5-item, 7-point Likert scale (Ajzen 1991, 2002); (2) entrepreneurs' perceived organizational-level attitude towards internationalization, which was measured through a scale that was developed by capturing the items that refer to employees' motivational drivers towards internationalization, drawing on the previous literature concerning increased benefits for employees in internationalized firms (e.g., Hessels and Parker 2013); and (3) measuring the social norms towards internationalization, which refer to the social pressure to engage (or not) in international entrepreneurship, as signaled by important others, which was measured through a 3-item, 7-point Likert scale (Ajzen 2001).

Perceived Feasibility of Internationalization Five specific sets of measures were collected to represent the perceived feasibility of internationalization, which are as follows: (1) two measures of entrepreneurial self-efficacy, one that referred to the individual entrepreneur and the other to the firm adapting the 4-item, 7-point Likert scale that was developed by Zhao et al. (2005); (2) two measures of international business skills, one that referred to the individual entrepreneur and the other to the firm using the 5-item, 7-point Likert scale that was developed by Manolova et al. (2002); (3) two measures regarding skills in a foreign language, one that referred to the individual entrepreneur and one to the organization using a single-item, 7-point Likert scale that was developed by the author; (4) a measure of perceived behavioral control towards either exporting or engaging in FDI using a 3-item, 7-point Likert scale that was validated by Ajzen (1991); and (5) a set of multi-item, 7-point Likert scales that refer to the entrepreneur's perceptions of external support, such as financial government support (Fini et al. 2012), financial private support, regulatory support (Manolova et al. 2002), and institutional support.

The description and reliability of the measures are summarized in Table 1.

Table 1 Summary of constructs and variables

Construct	Content ^a	Source	Measure	Alpha ^b
Desirability of internationalization				
Individual attitudes towards exporting/FDI ^c	Entrepreneurs' individual assessment of internationalization as useful, wise, positive, pleasant, captivating	Ajzen (1991)	5-item, 7-point Likert scale	(1) .94 (2) .95
Organizational attitudes towards exporting/FDI ^{c,d}	Entrepreneurs' assessment of organizational (employees) perceptions of internationalization as increasing job security, salaries, motivation and commitment, career opportunities, formative opportunities.	Developed by the author	5-item, 7-point Likert scale	(1) .74 (2) .78
Subjective norms towards exporting/FDI ^{c,e}	Entrepreneurs' perceived approval from other shareholders, employees, and family		3-item, 7-point Likert scale	(1) .73 (2) .80
Feasibility of internationalization				
Entrepreneurial individual self-efficacy	Entrepreneurs' individual confidence in successfully identifying new business opportunities, creating new products, thinking creatively, and commercializing an idea or new development	Zhao et al. (2005)	4-item, 7-point Likert scale	.82
Entrepreneurial organizational self-efficacy ^f	Entrepreneurs' confidence or organization-level efficacy in successfully identifying new business opportunities, creating new products, thinking creatively, and commercializing an idea or new development	Zhao et al. (2005)	4-item, 7-point Likert scale	.87
Individual international business skills	Entrepreneurs' evaluation of their commercial and marketing expertise, international business education, previous international work experience, personal relationships and networks abroad, ICT skills	Manolova et al. (2002)	5-item, 7-point Likert scale	.54
Organizational international business skills ^f	Entrepreneurs' evaluation of organization-level commercial and marketing expertise, international business education, previous international work experience, personal relationships and networks abroad, ICT skills	Manolova et al. (2002)	5-item, 7-point Likert scale	.65

(continued)

Table 1 (continued)

Construct	Content ^a	Source	Measure	Alpha ^b
Perceived behavioral control over exporting/FDI ^c	Entrepreneurs' assessment of perceived control over exporting/FDI, difficulty of exporting/FDI, and extent to which the export/FDI decision is dependent only on him/her	Ajzen (1991)	3-item, 7-point Likert scale	(1) .75 (2) .86
Perceived financial government support for export/FDI	Entrepreneurs' evaluation of international, national, and regional financial support	Fini et al. (2012)	3-item, 7-point Likert scale	(1) .96 (2) .94
Perceived financial private support for export/FDI	Entrepreneurs' evaluation of financial support available from banks in Italy and abroad	Developed by the author	2-item, 7-point Likert scale	(1) .88 (2) .73
Perceived regulatory support for export/FDI	Entrepreneurs' evaluation of support from national and international regulations	Manolova et al. (2002)	2-item, 7-point Likert scale	(1) .87 (2) .79
Perceived institutional support for export/FDI	Entrepreneurs' evaluation of support available from authorities and institutions at national and international level	Developed by the author	3-item, 7-point Likert scale	(1) .72 (2) .72
Internationalization intentions				
Export/FDI intentions		Ajzen (1991)	5-item, 7-point Likert scale	(1) .96 (2) .95

^aAll the questions were framed towards a potential exporting or FDI opportunity in the future, with entrepreneurs being randomly assigned to a exporting/FDI scenario in the near future (that is, within the next 3 months) or in the distant future (that is, in the next year) (Tumasjan et al. 2013). They were pooled for the analyses presented in this chapter

^bThe two reported alpha values regard, respectively (1) exporting, and (2) FDI opportunities

^cThe construct was measured two times for the same respondent, with regard to the opportunity of exporting at least 10% of sales and with regard to the opportunity to open a commercial or productive branch abroad (FDI opportunity)

^dMeasured for 81 firms having at least one employee

^eThe construct was measured as average of three items for firms having at least one employee or more than one shareholder, and as single-item (family approval) for the other firms

^fMeasured for 108 firms having at least one employee and/or more than one shareholder

4 Results

4.1 Sample Description

The 140 entrepreneurs were primarily male (76.4%) and 41 years old on average. They had 15 years of education and had worked for 12.7 years on average before opening their present firms. Some 57% of the respondents had experienced the role of manager or coordinator in their previous job. In total, 48.6% of them reported previous work experience within an internationalized company, and 94.2% had

traveled at least once in their lives for any reason. Some 44% of the entrepreneurs had a family business background (i.e., at least one parent was an entrepreneur). Only 25.7% of them owned more than one company (i.e., portfolio entrepreneurs). With regard to family status, the majority of the respondents were married (72%) and had children (61.8%).

The foreign-born entrepreneurs in the sample came from a wide variety of countries (Appendix, Table 8). All of them had migrated directly to Italy. The interviews with the foreign-born entrepreneurs revealed the heterogeneity in their migration histories. For example, some of the entrepreneurs were born abroad due to chance (e.g., born to Italian parents who were temporarily expatriated for family or work reasons). Some 15% of the foreign-born entrepreneurs had a double nationality (i.e., Italian and another one) and 39% had an Italian nationality. Some of them had migrated at very young age to Italy, some at the adulthood stage. These differences in the entrepreneurs' migration histories were taken into account in the analysis phase by applying two different operationalizations of the entrepreneurs' immigrant status, which included: (1) a wider definition of immigrant entrepreneur as foreign-born; and (2) a narrower definition of immigrant ethnic entrepreneurs as those respondents who met at least one of the following criteria: (a) foreign-born, having at least one foreign-born parent (Arora et al. 2004; Ndofor and Priem 2011); (b) -foreign-born, migrating out of their country of origin at an age that was greater or equal to ten (that is, after the completion of elementary school; Rusinovic 2008); and (c) foreign-born, having a foreign nationality at the time of the interview (Cerdin et al. 2014). This second criterion identifies first-generation immigrant entrepreneurs who were exposed to a foreign culture for a significant period of time or possessed a strong ethnic affiliation ($n = 54$).

Considering the characteristics of the foreign-born entrepreneurs, on average they migrated to Italy when they were 14.5 years old. The majority of them come from an urban area (91.4%). While 39.4% of the entrepreneurs completed their studies in their home countries, 54.9% completed them in Italy. Some 26% of the entrepreneurs worked in their country of origin but generally for a short time only (mean = 1.71 years, SD = 3.04). They reported having significantly more primary family ties abroad than the native entrepreneurs (34% vs. 20%), and they are able to speak at least one foreign language (but mostly referring to their native language, not, e.g., English) (for additional information, see Table 2).

With regard to the ethnic-immigrant entrepreneurs, they migrated to Italy at a later age (18.7 years old). The majority of them come from an urban area (88.7%), and they completed their studies in their home country (57.4%). Approximately 48% of the entrepreneurs worked in their home country (mean = 2.5 years, SD = 3.86). They have significantly more family ties abroad than the native entrepreneurs (62% versus 5%), and they speak at least one foreign language (for additional information, see Table 3).

The sample includes 140 technology-based firms that were on average established in the year 2006 by two partners. We compared companies that were owned by foreign-born and native entrepreneurs (Table 4) and found that the business models of the matched companies were highly similar, with 92.7% business-to-business models that mostly served clients in the region (70.4%), used

Table 2 Entrepreneurs' characteristics: Native and foreign-born entrepreneurs

	Native			Foreign-born			Difference ^a
	N.	Mean	SD	N.	Mean	SD	
Male	69	.81	.39	71	.72	.45	.09
Year of birth	69	1970.29	8.25	71	1970.76	8.21	-.47
Years of education	69	14.59	3.34	71	15.44	3.08	-.82
Total years of work experience	69	13.18	9.03	71	12.22	7.43	.96
Total years of work in Italy	69	13.18	9.03	71	10.51	7.75	2.67#
Portfolio entrepreneur	69	.22	.42	71	.30	.46	-.08
Years abroad ^b	69	1.52	3.36	71	1.70	3.13	-.17
Speaks at least one foreign language	69	.91	.28	71	.99	.12	-.07#

^a*** = $p < .001$; ** = $p < .01$; * = $p < 0.5$; # = $p < .10$

^bYears spent abroad for any reason (travel, study, work) excluding living and travels in the country of origin for foreign-born entrepreneurs

Table 3 Entrepreneurs' characteristics: Native and ethnic-immigrant entrepreneurs

	Native			Ethnic-immigrant			Difference ^a
	N.	Mean	SD	N.	Mean	SD	
Male	54	.81	.39	54	.72	.45	.09
Year of birth	54	1970.41	8.26	54	1971.30	8.91	-.89
Years of education	54	14.44	3.46	54	15.39	3.16	-.94
Total years of work experience	54	12.81	8.97	54	12.29	6.77	.53
Total years of work in Italy	54	12.81	8.97	54	9.72	7.01	3.09*
Portfolio entrepreneur	54	.18	.39	54	.28	.45	-.09
Years abroad ^b	54	1.62	3.61	54	1.71	3.34	-.09
Speaks at least one foreign language	54	.91	.29	54	.98	.14	-.07#

^a*** = $p < .001$; ** = $p < .01$; * = $p < 0.5$; # = $p < .10$

^bYears spent abroad for any reason (travel, study, work) excluding living and travels in the country of origin for ethnic-immigrant entrepreneurs

regional suppliers (60.1%), and faced mostly local competition (59.2%). Both groups of companies served mainstream (i.e., non-ethnic) markets. The firms' locations substantially mirrored that of the industrial activities in the region. The total available capital per company (that is, capital raised from personal or external funding) was on average € 51,919. In this regard, no significant differences were found between foreign-born-owned and native-owned firms in terms of capital that was raised from different sources, such as personal (mean = 23,051.43, SD = 56,883.95), public (mean = 2750, SD = 25,215.37), bank (mean = 15,192.86, SD = 63,010.89), other companies (mean = 9292.86, SD = 85,031.23), family (mean = 1400, SD = 9527.36) and friends (mean = 232.14, SD = 1796.69). In 2011, on average, the sales revenues were € 524,835, and the firms employed 4 employees. Only 17% percent of the companies had previous internationalization experience. Some 37% of the firms reported to have conducted significant product innovations, and 14% engaged in process innovations in the last 3 years. Some 45% of the firms reported membership in business associations. No significant differences

Table 4 Firms' characteristics: Native- and foreign-born-owned firms

	Native-owned			Foreign-born-owned			Difference ^a
	N.	Mean	SD	N.	Mean	SD	
Year of foundation	69	2005.96	3.52	71	2006.31	3.88	-.35
Sales revenues	69	731,777.4	2,058,388	68	314,849.40	546,711.90	416,928.10
N. of employees	69	4.06	8.77	71	3.87	6.06	.18
Size of business customers (%)	69	90.74	24.48	71	94.63	17.71	-3.89
Size of regional customers (%)	69	68.04	33.85	71	72.65	32.02	-4.60
Size of Italian regional customers (%)	69	94.91	20.61	71	94.55	21.02	.36
Size of regional suppliers (%)	69	64.89	36.04	71	55.51	41.42	9.39
Size of Italian regional suppliers (%)	69	82.07	38.09	71	77.18	41.99	4.89
Size of regional competitors (%)	69	60.20	38.39	71	58.13	38.78	2.07
N. of partners	69	2.33	1.60	71	2.58	1.99	-0.24
Total capital	69	33,971.01	43,739.78	71	69,361.97	176,081.90	-35,390.96
Previous internationaliz.	69	.20	.41	71	.14	.35	.06
Any product innovation	69	.38	.49	71	.37	.49	.01
Any process innovation	69	.19	.39	71	.10	.30	.09
Membership in business association	69	.52	.50	71	.39	.49	.13

^a*** = p < .001; ** = p < .01; * = p < 0.5; # = p < .10

were observed between the foreign-born companies and the native-owned companies (Table 4). The ethnic-immigrant-owned companies appear instead to be smaller in terms of revenues ($p < .10$) and catering from non-Italian regional suppliers ($p < .10$) (Table 5).

The descriptive statistics confirmed that the matching-pair strategy was highly effective in locating highly similar pairs of entrepreneurs and companies with regard to a variety of aspects. Under such conditions, the comparison between the immigrant and native entrepreneurs can meaningfully focus on the perceptions towards international opportunities as driven by specific characteristics that differentiate immigrant entrepreneurs from others.

4.2 *Internationalization Intentions*

The comparative analyses regarding the latent factors that model internationalization intentions in the domestic immigrant and native entrepreneurs were performed through *t-tests* on the variables of interest. Comparing the results for the foreign-born and native entrepreneurs (Table 6), no statistically significant differences are found between the two groups of entrepreneurs with regard to the perceived desirability of internationalization, both referring to exporting and to opening a branch abroad (FDI). The data reveal that in both groups the individual attitudes, the organizational attitudes, and the subjective norms towards exporting are stronger than those towards FDI. These results might highlight that, for the sampled entrepreneurs, FDI may not be particularly attractive as it is a more resource-demanding and committed form of internationalization (Brouthers and Nakos 2004). With regard to the perceived feasibility of internationalization, the foreign-born entrepreneurs perceive statistically stronger individual-level factors to sustain internationalization, such as international business skills ($p < .10$) and foreign language ($p < .001$). An in-depth examination of business skills revealed that the perceived personal network support for internationalization was significantly stronger for the foreign-born than the native entrepreneurs ($p < .05$ for export and $p < .01$ for FDI). However, the foreign-born entrepreneurs perceive significantly lower external supports than native entrepreneurs, such as less available financial government support ($p < .10$ for export) and less regulatory support ($p < .05$ for both export and FDI). Because the data show that the perceived behavioral control over internationalization is statistically lower for the foreign-born entrepreneurs than the native entrepreneurs, it can be argued that the lack of environmental-level support factors is overall stronger than individual-level abilities, thus determining a more negative perception of the easiness of internationalization for the foreign-born entrepreneurs. Nevertheless, the findings show that the two groups do not differ in terms of the overall intentions to export or to engage in FDI.

The analyses on the matched-pair sample of the 54 immigrant and 54 native entrepreneurs (Table 7) support that the two groups do not differ with regard to individual attitudes, organizational attitudes, and subjective norms towards internationalization. Similarly, the results confirm that the immigrant entrepreneurs

Table 5 Firms' characteristics: Native- and ethnic-immigrant-owned firms

	Native-owned			Ethnic-immigrant-owned			Difference ^a
	N.	Mean	SD	N.	Mean	SD	
Year of foundation	54	2005.87	3.67	54	2006.67	3.85	-.80
Sales revenues	54	835,073.80	2,314,731	54	271,763.70	512,985	563,310.1#
N. of employees	54	4.24	9.63	54	3.54	6.28	.70
Size of business customers (%)	54	93.41	19.73	54	95.26	16.58	-1.85
Size of regional customers (%)	54	72.04	31.20	54	76.00	30.70	-3.96
Size of Italian regional customers (%)	54	99.26	3.13	54	96.63	15.29	2.63
Size of regional suppliers (%)	54	60.15	35.20	54	52.80	43.99	7.35
Size of Italian regional suppliers (%)	54	88.20	31.69	54	75.56	43.03	12.65#
Size of regional competitors (%)	54	64.33	35.37	54	58.05	37.28	6.28
N. of partners	54	2.24	1.54	54	2.54	1.98	-.29
Total capital	54	33,611.11	44,771.19	54	48,716.67	121,099.30	-15,105.56
Previous internationaliz.	54	.19	.39	54	.11	.32	.08
Any product innovation	54	.35	.48	54	.37	.49	-.02
Any process innovation	54	.19	.39	54	.09	.29	.10
Membership in business association	54	.48	.50	54	.37	.49	.11

**** = p < .001; ** = p < .01; * = p < 0.5; # = p < .10

Table 6 Internationalization intentions: Native and foreign-born entrepreneurs

	Native			Foreign-born			Difference ^a
	N.	Mean	SD	N.	Mean	SD	
Desirability of internationalization							
Individual attitudes towards exporting	69	5.14	1.83	71	5.18	1.84	-.04
Individual attitudes towards FDI	69	3.46	2.06	71	3.43	1.80	.02
Organizational attitudes towards exporting	38	4.18	1.47	43	4.19	1.31	-.01
Organizational attitudes towards FDI	38	3.41	1.21	43	3.46	1.27	-.05
Subjective norms towards exporting	69	5.15	1.72	71	5.34	1.74	-.19
Subjective norms towards FDI	69	3.51	1.98	71	3.62	1.94	-.11
Feasibility of internationalization							
Entrepreneurial individual self-efficacy	69	4.57	1.53	71	4.48	1.52	.09
Entrepreneurial organizational self-efficacy	52	4.43	1.68	56	4.75	1.55	-.33
Individual international business skills	69	3.63	1.16	71	4.01	1.35	-.38#
Organizational international business skills	52	3.60	1.32	56	3.86	1.18	-.26
Individual foreign language skills	69	3.72	2.07	71	5.18	1.77	-1.46***
Organizational foreign language skills	52	3.83	1.90	56	4.12	1.76	-.30
Perceived behavioral control over exporting	69	3.14	1.66	71	2.68	1.55	.46#
Perceived behavioral control over FDI	69	2.24	1.68	71	1.76	1.22	.49#
Perceived financial government support for export	69	2.62	1.93	71	2.09	1.70	.53#
Perceived financial government support for FDI	69	2.37	1.76	71	2.18	1.68	.19
Perceived financial private support for export	69	2.00	1.29	71	2.05	1.43	-.05
Perceived financial private support for FDI	69	2.01	1.30	71	2.18	1.41	-.17
Perceived regulatory support for export	69	2.56	1.64	71	1.94	1.38	.62*
Perceived regulatory support for FDI	69	2.26	1.44	71	1.81	1.22	.45*
Perceived institutional support for export	69	2.47	1.57	71	2.49	1.61	-.01
Perceived institutional support for FDI	69	2.30	1.48	71	2.54	1.44	-.24
Internationalization intentions							
Export intentions	69	2.99	2.14	71	3.14	2.14	-15
FDI intentions	69	1.87	1.50	71	1.79	1.51	.08

^a*** = $p < .001$; ** = $p < .01$; * = $p < 0.5$; # = $p < .10$

perceive statistically stronger international business skills ($p < .10$), foreign language skills ($p < .001$), and personal network support ($p < .05$ for both export and FDI) but significantly lower financial government support ($p < .05$ for both export and FDI) and regulatory support ($p < .10$ for export). Overall, the perceived behavioral control over internationalization is statistically lower for the immigrant entrepreneurs than the native entrepreneurs.

Table 7 Internationalization intentions: Native and ethnic-immigrant entrepreneurs

	Native			Ethnic-immigrant			Difference ^a
	N.	Mean	SD	N.	Mean	SD	
Desirability of internationalization							
Individual attitudes towards exporting	54	4.97	1.88	54	5.30	1.72	-.32
Individual attitudes towards FDI	54	3.37	2.02	54	3.54	1.68	-.17
Organizational attitudes towards exporting	30	3.99	1.42	31	4.31	1.24	-.32
Organizational attitudes towards FDI	30	3.41	1.25	31	3.57	1.27	-.17
Subjective norms towards exporting	54	5.17	1.76	54	5.54	1.51	-.37
Subjective norms towards FDI	54	3.44	1.98	54	3.81	1.87	-.36
Feasibility of internationalization							
Entrepreneurial individual self-efficacy	54	4.56	1.61	54	4.62	1.38	-.06
Entrepreneurial organizational self-efficacy	41	4.44	1.71	42	4.78	1.59	-.34
Individual international business skills	54	3.66	1.18	54	4.08	1.40	-.43#
Organizational international business skills	41	3.61	1.35	42	3.86	1.32	-.25
Individual foreign language skills	54	3.76	2.07	54	5.52	1.59	-1.76***
Organizational foreign language skills	41	3.83	1.79	42	4.09	1.75	-.27
Perceived behavioral control over exporting	54	3.24	1.73	54	2.69	1.51	.56#
Perceived behavioral control over FDI	54	2.12	1.57	54	1.77	1.10	.35
Perceived financial government support for export	54	2.64	1.85	54	1.98	1.61	.67*
Perceived financial government support for FDI	54	2.36	1.72	54	2.08	1.66	.28
Perceived financial private support for export	54	1.97	1.23	54	1.94	1.42	.03
Perceived financial private support for FDI	54	1.95	1.22	54	2.15	1.41	-.20
Perceived regulatory support for export	54	2.53	1.51	54	1.89	1.30	.64*
Perceived regulatory support for FDI	54	2.27	1.45	54	1.83	1.23	.44#
Perceived institutional support for export	54	2.56	1.51	54	2.45	1.59	.11
Perceived institutional support for FDI	54	2.38	1.49	54	2.52	1.40	-.14
Internationalization intentions							
Export intentions	54	2.90	2.16	54	3.19	2.12	-.29
FDI intentions	54	1.84	1.58	54	1.77	1.38	.08

*** = p < .001; ** = p < .01; * = p < 0.5; # = p < .10

5 Discussion and Conclusions

This chapter sheds new light on the micro-foundations of internationalization by presenting an intention model of internationalization based on individual-, organizational-, and environmental-level antecedents and comparing whether any difference can be found in immigrant and non-immigrant entrepreneurs. The theoretical and practical contributions are twofold. First, acknowledging the process nature of international entrepreneurship (Jones and Coviello 2005), this paper adds new insights into what occurs in the pre-internationalization phase, which is a relevant yet overlooked research context (Baum et al. 2012; Tan et al. 2007). Knowing the decision-making processes and the behaviors that occur in the pre-internationalization phase is important both for firms that are willing to leverage

their capabilities to accomplish strategic choices (e.g., speed, extent, scope of international activity), and for policy-makers who need to offer adequate support policies (Tan et al. 2007). Second, by studying a matched pair sample of immigrant and native entrepreneurs in domestic Italian new technology-based firms, this study answers calls for comparative studies to avoid overstatement of the “ethnic” component in immigrant entrepreneurship (Aldrich and Waldinger 1990; Solano 2015). In addition, this study specifically focuses on technology-based companies that operate in competitive and innovative markets and face specific needs and obstacles for growth (e.g., Ibeh and Kasem 2011; Vasilchenko and Morrish 2011) with respect to other more traditional types of companies that are active in ethnic or enclave markets. Being able to differentiate the antecedents of internationalization intentions between immigrant and native entrepreneurs, especially in high-tech industries, is key for policy-makers who are willing to design specific support policies for the two groups of entrepreneurs. Because there are multiple possibilities to define the unit of analysis (e.g., foreign-born, foreign-nationals, or ethnic-immigrants; migrants from the north or from the south of the world; first-generation or second-generation immigrants), researchers and policy-makers should be aware that their research designs—and therefore their opportunities to answer specific research questions—will be influenced by the availability of reliable data.

The findings of this study show that immigrant and non-immigrant entrepreneurs do not differ with regard to the perceived desirability of internationalization. Therefore, it can be argued that immigrant status does not differently affect the individual or organizational attitudes and the subjective norms that are nurtured by entrepreneurs towards internationalization. Because these findings only scratch the surface of an understanding of the desirability of opportunities, they suggest that there is a need for additional research on the topic of how the migratory experience might influence the development and change of attitudes and subjective norms towards entrepreneurship, especially in the international domain. For example, future research could link to cultural studies to investigate the link between attitudes towards internationalization, migration, and acculturation.

This study shows that the perceptions of internationalization feasibility differ between immigrant and non-immigrant entrepreneurs. Specifically, whereas immigrant entrepreneurs perceive a stronger individual-level feasibility of internationalization, such as international business skills, foreign language, and personal networks, they have a weaker perception of external supports, such as financial public support and regulatory support. These findings lend support to the idea that entrepreneurs who are born abroad, or are reared in a family who migrated to another country, are personally exposed to diverse international cultural environments and thus can gain knowledge of foreign markets and access resources from international networks (Madsen and Servais 1997; Saxenian 2002), and they can develop competences to communicate, understand and operate in foreign cultures (Madsen and Servais 1997; Vandor and Franke 2016). Therefore, the immigrant status is associated with a stronger perception of feasibility of internationalization at the individual-level. However, our interviews reveal that, while migrant entrepreneurs have wider personal networks abroad than native entrepreneurs, these networks may not be perceived as useful for internationalization with respect to other business networks

(e.g., formal or informal contacts with other entrepreneurs in Italy or abroad) or if other structural conditions are not met (e.g., receptivity of the home market towards high-tech products or services) (for similar results, see Brzozowski et al. 2014). At the same time, the results of this study lend support to the idea that immigrant status entails having weaker roots and being less embedded in the host countries than natives (Portes et al. 2002) and thus facing disadvantages that are linked to accessing public financial resources, the hardships of legal and bureaucratic regulations regarding entry, residence, and entrepreneurship in the host country (Cerdin et al. 2014; Alejandro Portes and Rembaut 2006). Therefore, immigrant status is associated with a weaker perception of the environmental-level feasibility of internationalization. Interestingly, because the analyses show that immigrant entrepreneurs have lower perceived behavioral control over internationalization than native entrepreneurs, it can be concluded that the perceptions of a non-supportive environment might be more important than individual-level drivers of internationalization for immigrant entrepreneurs in developing a sense of feasibility with regard to entrepreneurial actions. These are extremely fine-grained and interesting results that are relevant for entrepreneurs and policy-makers who intend to sustain internationalization efforts in newly established technology-based companies. For example, policy-makers may promote a wider array of public and institutional supports to international entrepreneurship that specifically target immigrant entrepreneurs; and entrepreneurs and policy-makers could foster the establishment of multiculturally hybrid entrepreneurial teams and organizations (Arrighetti et al. 2014) to complement different immigrant and native entrepreneurs' perceptions of feasibility.

As with any other research, this study has some limitations that should be taken into account in the interpretation of results and envisioning future research opportunities. First, I acknowledge that the impact of entrepreneurs' entrepreneurial intentions will be very strong and characterize strategic choices especially in new and small firms (Bird 1988). Whereas modeling internationalization intentions was therefore highly appropriate in this study, which specifically focused on micro-, small and medium enterprises (SMEs),² in the future additional studies should be conducted in larger firms, including the study of the perceptions of entrepreneurial teams. Second, to increase the validity of the study, I focused on the population of foreign-born technology-based industries that are established in a single region. In the future, replication studies should be conducted to increase the generalizability of the results, investigating a wider variety of industries and in different countries to account for different institutional conditions and migration contexts. Third, due to the variety of cultural groups that are involved in the study, it was not possible to provide an in-depth analysis of whether individuals from different ethnocultural groups have different perceptions of desirability, feasibility and different intentions towards international entrepreneurship (e.g., Dana 1997). This opens research opportunities for future studies that draw on larger samples.

²According to the EU definition of SMEs (EU recommendation n. 2003/361), these firms employ fewer than 250 persons and have an annual turnover that does not exceed 50 million Euro and/or an annual balance sheet that does not exceed 43 million Euro.

Appendix

Table 8 Entrepreneurs' country of origin and nationality

	Country of origin				Nationality			
	Foreign-born		Native		Foreign-born		Native	
	N.	%	N.	%	N.	%	N.	%
Albania	5	7.04	–	–	5	7.04	–	–
Argentina	6	8.45	–	–	5 ^a	7.04	–	–
Belgium	3	4.22	–	–	–	–	–	–
Bolivia	1	1.41	–	–	–	–	–	–
Brasil	2	2.82	–	–	1 ^b	1.41	–	–
Camerun	1	1.41	–	–	1	1.41	–	–
Canada	3	4.22	–	–	1	1.41	–	–
Czech Republic	1	1.41	–	–	1	1.41	–	–
China	1	1.41	–	–	1	1.41	–	–
Colombia	1	1.41	–	–	–	–	–	–
Ethiopia	1	1.41	–	–	–	–	–	–
France	5	7.04	–	–	3 ^c	4.22	–	–
Germany	4	5.63	–	–	3	4.22	–	–
Greece	1	1.41	–	–	2 ^d	2.82	–	–
Italy	–	–	69	100.00	28	39.42	69	100.00
Ivory Coast	1	1.41	–	–	1	1.41	–	–
Libia	1	1.41	–	–	–	–	–	–
Moldova	2	2.82	–	–	2	2.82	–	–
Morocco	6	8.45	–	–	6 ^e	8.45	–	–
Pakistan	2	2.82	–	–	2	2.82	–	–
Peru	1	1.41	–	–	1	1.41	–	–
Poland	3	4.22	–	–	1	1.41	–	–
Romania	1	1.41	–	–	1	1.41	–	–
Russia	2	2.82	–	–	1	1.41	–	–
Sweden	1	1.41	–	–	1	1.41	–	–
Switzerland	7	9.86	–	–	–	–	–	–
Taiwan	1	1.41	–	–	1	1.41	–	–
Tunisia	1	1.41	–	–	1	1.41	–	–
UK	3	4.22	–	–	–	–	–	–
USA	3	4.22	–	–	2 ^f	2.82	–	–
Venezuela	1	1.41	–	–	–	–	–	–
Total	71	100.00	69	100.00	71	100.00	69	100.00

^aIncluding n. 4 entrepreneurs with double nationality (Argentina and Italy)

^bIncluding n. 1 entrepreneur with double nationality (Brazil and Italy)

^cIncluding n. 2 entrepreneurs with double nationality (France and Italy)

^dIncluding n. 2 entrepreneurs with double nationality (Greece and Italy)

^eIncluding n. 1 entrepreneur with double nationality (Morocco and Italy)

^fIncluding n. 1 entrepreneur with double nationality (USA and Italy)

Table 9 Firms' industry: Native- and foreign-born-owned firms

Industry	Native-owned		Foreign-born owned	
	N.	%	N.	%
Production of computers, electronic and optical products; electro-medical equipments, measurement equipments and watches	7	10.14	7	9.86
Production of electrical equipments and non-electrical equipments for domestic purposes	9	13.04	9	12.68
Production of machineries	21	30.44	22	30.98
Production of transport devices and machines	1	1.45	1	1.41
Production of medical and dental instruments and supplies	1	1.45	2	2.82
Production of software, informatics consultancy and connected activities	21	30.44	21	29.58
ICT services and other informatics services	8	11.59	8	11.26
Technical testing and analysis	1	1.45	1	1.41
	69	100	71	100

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The Use of New Technologies by Migrant Entrepreneurs in Two European Cities



Alberta Andreotti and Giacomo Solano

Abstract Over the last 40 years, the growth and implementation of new technologies (in particular, ICTs) have made it possible to instantly virtually cross national borders to establish, enjoy, and maintain social links. This also applies to migrant entrepreneurs, and even more so to transnational migrant entrepreneurs, i.e. migrants who carry out business activities in connection with other countries. Previous literature has frequently underlined the connection between ICTs and transnational business practices, albeit implicitly. However, few studies have focused on the role of new technologies in transnational business activities carried out by migrants. Based on the empirical evidence generated through 70 interviews with Moroccan transnational and domestic entrepreneurs living in Amsterdam and Milan, the chapter addresses this role, stressing that ICTs are most important for migrants running a transnational business. First, ICTs make it easier to start and develop the cross-border business, by helping to reduce both the necessary time and the financial costs; secondly, different forms of communication (synchronous vs. asynchronous) are used according to different purposes; finally, transnational entrepreneurs need constant physical mobility to make ICTs effective in business relations.

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1 Introduction

Over the last 40 years, globalisation processes have become more widespread and their effects more visible, partially transforming people's perception of the world and behaviours. There has been a progressive growth of relations and exchanges in the world, or at least in parts of it, with an increasing mobility of people, capital, goods, information and images that often transcend State borders (Robertson 1992; Appadurai 1996; Castells 1996). In this increase of cross-national exchanges and activities, the development of new technologies had a prominent role. Thanks to new technologies and reduced travelling costs, more people can afford to travel abroad for tourism, studies or professional reasons (Elliott and Urry 2010; Castells 1996). It is also easier to create and maintain social relations with people located in other countries and to exchange information about different places and contexts (e.g., the expansion of the Internet and of applications such as Skype, WhatsApp and the like). These processes imply a potential transformation of social relations and transactions, with the emergence of forms of transnationalism, namely the extent to which individuals are involved in cross-border interactions and mobility (Mau et al. 2008, Mau 2010; Gustafson 2009).

Within this framework, Andreotti et al. (2014: 111) distinguish between physical and virtual mobility. The former refers to concrete mobility practices, such as business trips abroad, foreign languages spoken, cities people declare to know well, knowing people abroad. The latter refers to practices you can 'do from your sofa' in connection with other countries, i.e. the use of the Internet, conference calls, mobile phone conversations or messages. The interplay between these two forms of mobility is particularly interesting, stressing whether and on how they substitute each other or ingrate, and at what extent individuals can be considered transnational.

This can also be applied to migrant and migrant entrepreneurs (Levitt and Jaworsky 2007)—who maintain social relationships with people in distant locations (see for example, Vacca et al. 2018)—, and even more so to transnational migrant entrepreneurs (Drori et al. 2009), i.e. migrants who carry out business activities in connection with other countries (Portes et al. 2002; Rusinovic 2006; Jones et al. 2010; Solano 2015). Migrant transnationalism is not an entirely new phenomenon; there have been other cases of transnational activities in the past, but these were less common and less easy than they are now (Portes et al. 1999). The technological turn has created the conditions for a change in migrants' patterns of behaviour and for a large-scale development of transnational behaviours (Vertovec 2004).

Previous literature has frequently underlined the connection between new technologies and transnational business practices, albeit implicitly (Portes et al. 2002; Drori et al. 2009). Only a few studies (Chen 2006; Chen and Wellman 2009; Achtenhagen et al. 2013; Chen et al. 2015) have focused on how the use of new technologies is important for transnational entrepreneurs, and looked at how these technologies affect business practices and the structure of business networks.

This chapter addresses the role of new technologies (ICTs in particular) in business activities carried out by migrants. Based on the empirical evidence generated through 70 interviews with Moroccan transnational and domestic entrepreneurs living in Amsterdam and Milan, this contribution deals with the use that

transnational migrant entrepreneurs make of ICTs (Information and Communication Technologies) and how they combine them with concrete mobility practices. The chapter answers two main questions: *at what extent and how do migrant entrepreneurs use ICTs for their business? How do these people combine virtual (related to ICTs) and physical mobility for their transnational business?*

The chapter unfolds as follow. The first section briefly explains the features of new technologies as they pertain to entrepreneurial activities. Sections 3–5 present the results of the research on Moroccan entrepreneurs regarding the use of ICTs, stressing three main empirical results: the difference between domestic and transnational entrepreneurs in the use of ICTs, the fact that different forms of communication are used according to different purposes in transnational business practices, and finally the persisting need for physical mobility for ICTs to be effective in business relations.

2 ICTs and Transnational Migrant Entrepreneurship

The term ‘Information and Communication Technologies’ (ICTs) refers to “all technical means used to handle information and aid communication. This includes both computer and network hardware, as well as their software” (Eurostat¹). ICT applications are particularly important in every aspect of the business process, such as access to new markets, business-to-business and business-to-consumer collaboration, relations with suppliers, and marketing (Alford and Page 2015; Barnes et al. 2012). For instance, companies can interact with customers thanks to social media, or they can use social media to gather more information about consumers’ behaviour (Alford and Page 2015). ICTs are even more important in international businesses. The Internet represents a powerful instrument to foster business internationalisation, through removing potential barriers such as geographical restrictions (Sinkovics and Bell 2006).

Among ICTs, especially the software part, a major difference is between technologies allowing asynchronous and synchronous communication forms (Cormode and Krishnamurthy 2008; Walther et al. 2011). In asynchronous communication forms, users are not necessarily on line at the same moment, and do not interact contemporarily: forums, newsletters and e-mails are examples of asynchronous communication. Though e-mails already allow for interaction between people, co-presence on line is not necessary. In synchronous forms of communication, people can communicate (almost) instantly, and they can share information thanks to instant messaging applications. Social media (Facebook, Twitter, etc.) and apps (WhatsApp, Viber) are example of applications allowing synchronous communication. This distinction can be useful to understand whether the different forms of communication serve different purposes, and whether different kinds of migrant entrepreneurs use them differently.

Despite literature has frequently pointed out the importance of ICTs for migrants, the topic is still understudied (Dekker and Engbersen 2014). Literature on this topic

¹[http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Information_and_communication_technology_\(ICT\)](http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Information_and_communication_technology_(ICT))

(see Dekker and Engbersen 2014; Komito 2011; Madianou and Miller 2012; Minto-Coy 2011; Taddei 2016) has underlined that ICTs facilitate migrations and actively transform social relations. First, they allow migrants to maintain links with relatives and friends in the country of origin, and to develop new ties around the world. Second, ICTs facilitate the migration and integration paths through providing access to information otherwise difficult to find.

Even less studies have analysed the use of new technologies by migrant entrepreneurs so far (Chen 2006; Chen and Wellman 2009; Chen et al. 2015; Achtenhagen et al. 2013). Amongst them, Chen (2006) analysing Chinese migrant entrepreneurs in Canada found that:

To participate in transnational entrepreneurial activities, immigrant entrepreneurs use the Internet and other ICTs to seek information, develop social networks, and mobilize and integrate resources. The Internet is instrumental in building and maintaining border-crossing social networks (Chen 2006: 216).

In this regard, the author illustrated that the use of ICTs for transnational entrepreneurs concerns mainly three activities: searching for information, creating and maintaining transnational business network, and e-commerce (Chen 2006). In doing this, besides the ones focussing on e-commerce, migrant entrepreneurs employed mainly ICTs allowing an asynchronous communication: web search engines, e-mails and web forums mainly.

Concerning networking, a subsequent article from the same author (Chen and Wellman 2009) clarified that new technologies help broaden the geographical scope of transnational entrepreneurs' networks. However, the respondents still prefer face-to-face interactions when they have to develop trustful connections. In this regard, Chen (2006) underlined that:

the Internet is not everything. Transnational entrepreneurs selectively use multiple forms of communication media, in accordance with whichever is most convenient and socially appropriate—e-mail, telephone, and face-to-face interactions—to keep in contact with family, friends, workmates, suppliers, and customers (Chen 2006: 216).

Despite these interesting results, the use of ICTs by transnational entrepreneurs requires further investigation, and so does the impact of ICTs on transnational business, since the corpus of the literature is still very thin and mainly focusing on the North-American case. The research on Moroccan entrepreneurs in Amsterdam and Milan presented in the following pages is an attempt to shed further light on this topic.

3 The Research: Methodology and Entrepreneurs' Profile

This study adopts a micro-level perspective in that it considered the individual experiences, strategies, networks, and narratives of Moroccan entrepreneurs who have migrated to Milan or Amsterdam. Overall the approach is qualitative and it combines mixed-method questions (qualitative and quantitative), which allows us to collect interesting narratives regarding how migrants use new technologies, and to

Table 1 Characteristics of the respondents

Gender	Transnational e.	Domestic e.	Total
Male	26	28	54
Female	9	7	16
Education^a	Transnational e.	Domestic e.	Total
Low	7	9	16
Medium	12	15	27
High	16	11	27
Total	35	35	70

^aLow: none, primary school education, or junior secondary education; medium: professional or vocational diploma or High school degree; high: university degree or higher

measure information, albeit in a non-representative fashion. Employing a convenience sampling strategy, we selected 70 Moroccan-born entrepreneurs who at some point had migrated to Milan (Italy) or Amsterdam (the Netherlands). Out of these 70 respondents, 35 are entrepreneurs running a transnational business, i.e. spanning across borders, and 35 are entrepreneurs running a domestic business, i.e. focusing on the domestic market of their country of destination.

The interview schedule was structured in terms of formal and informal social support networks (family, friends and acquaintances), daily working practices, and travelling. Within daily working practices, questions were asked about the importance of new technologies.

Different methods and sources were used to identify respondents: lists provided by the Chambers of Commerce, Moroccan associations, snowball sampling, and business visibility.²

The majority of the interviewees are male ($n = 54$), middle age (42 years old), with a medium-high level of education. Domestic entrepreneurs are older and slightly less educated than transnational ones. Female entrepreneurs in the sample are better educated than males and are equally distributed between domestic and transnational business activities (Table 1).

In keeping with the population trend, which emerged from the preparatory work before the fieldwork (see Solano 2016a), businesses in both the goods-related and service sector are included in the sample (Table 2). Within each sector, both transnational and domestic migrant entrepreneurs are included. Examples of domestic activities in the goods-related sector are: minimarkets, bakeries, greengroceries; examples of domestic activities in the service sector are: cafes, hairdressers, call centers, etc. As for transnational businesses, they include two main types of activities: import and/export businesses for the goods-related sector and consultancy agencies for the service sector (e.g. mediation and counselling for individuals and companies). Among transnational entrepreneurs, 10 consultancy entrepreneurs and

²Some companies were selected simply because of their visibility. Sometimes, when walking around city areas with a high density of Moroccan businesses, we noticed a particular business (e.g. import/export) and simply asked the owner for an interview.

Table 2 Characteristics of the businesses

Sector	Transnational e.	Domestic e.	Total
Goods-related sector	25	20	45
Service sector	15	10	25
Business age	Transnational e.	Domestic e.	Total
Early-stage business	14	13	27
Consolidated business	21	22	43
Total	35	35	70

25 import/export business entrepreneurs were interviewed. The sample includes both early-stage (start-up ≤ 3 years ago) and consolidated businesses (start-up > 3 years ago).³ Entrepreneurs running early-stage and consolidated businesses have similar levels of education, and women are equally distributed within the two groups. Respondents usually own rather small business companies: less than 20% has more than four employees.

4 The Use of ICTs by Moroccan Entrepreneurs

Our empirical findings highlight that the great majority of respondents (64% of the respondents) consider new technologies to be fundamental for their work, whereas one-third (36% of the respondents) almost never use them (Table 3). A closer look at the empirical material and the entrepreneurs' narratives allowed us to understand some important distinctions. The first important cleavage in the use of new technologies is whether entrepreneurs run a domestic or a transnational business: those who run a domestic business use a personal computer or a printer, but use nothing else in terms of communication technologies.

In the narratives given by our respondents, 'new technologies' refers both to hardware devices, which are necessary to run a business, and software, which necessarily imply the use of the previously mentioned devices. Clearly enough, the two are strictly connected since a person cannot use e-mail without using a pc/laptop or a mobile phone connected to the Internet, although the reverse is

Table 3 Importance of new technologies

Are new technologies fundamental?	Yes	No	Total
Transnational entrepreneurs	33	2	35
Domestic entrepreneurs	12	23	35
Total	45	25	70

$t(49) = -6.621; p = 0.00$

³For the difference between early-stage (start-up ≤ 3 years ago) and consolidated businesses, see Schutjens and Stam (2003).

possible: an entrepreneur can easily own a pc/laptop or mobile phone without necessarily using synchronous or asynchronous communication forms.

Domestic entrepreneurs refer mainly to hardware devices. This respondent who runs a domestic business in Milan is a case in point when he says, “*I use a computer and other devices, for example a scanner, only for paperwork. I don’t need other technologies*” (M34). Another domestic entrepreneur, who is based in Milan, reinforces the concept by making it clear that he uses a personal computer and a printer, but that he does not need anything else: “*Using a computer is really important when conducting my business, and also a printer. I do not use the Internet, at least not for work*” (M28).

Some differences stem from characteristics of the two cities: domestic entrepreneurs declared that new technologies were important for their business more frequently in Amsterdam (8/15) than in Milan (4/20). This is not surprising considering that figures from Eurostat underline that Italy and the Netherlands constitute the two poles of a continuum as far as the use of ICTs in the business sector goes. In Italy, 72% of companies have a website but only 39% use one or more social media platforms, while the Netherlands has one of the highest percentage in Europe: 86% of entrepreneurs have a website and 66% use also social media.⁴ Female entrepreneurs who run a domestic business follow the same pattern as their male counterparts (i.e. they mainly use hardware).

Transnational entrepreneurs are more likely to point out the importance of both hardware and software, regardless of their place of living, their gender or their age. In both Amsterdam and Milan, entrepreneurs running a transnational business mentioned the importance of ICTs. An Amsterdam entrepreneur who owns a consultancy business supporting Dutch companies that invest in the Moroccan market says, “*I do not have a physical company, in the sense of having an actual office. I have a laptop and a mobile phone, and that’s it. I normally send tons of e-mails and I also use my mobile phone, Skype and WhatsApp to communicate with my contacts in Morocco*” (A17). Since he does not need an office—thanks in part to ICTs—, from an economic point of view, it was easier for him to start his business because “*a big initial investment was not necessary. Maybe if I had chosen to have an office. . . then I would have asked for financial support. But, again, I can work from my laptop using the Internet, so I didn’t need to pay for an office or for any other costs*” (A17).

Other accounts reinforce the importance of ICTs for transnational business, highlighting that they are necessary mainly to communicate to clients or contractors abroad. For example, one Milan-based entrepreneur who imports various goods from abroad (France, Germany, Turkey) and sells them to itinerant shops in various local markets states, “*It’s very important to use the Internet. How would I communicate with my contacts abroad otherwise? It would be impossible!*” (M18). Another, also based in Milan, who exports kosher products around the world says,

⁴Source: http://ec.europa.eu/eurostat/statistics-explained/index.php/Social_media_-_statistics_on_the_use_by_enterprises, last access 15/05/2018.

“I manage my contacts abroad through the Internet, e-mails, etc. It is much cheaper this way” (M08).

The empirical material also shows the importance of ICTs in transforming the organization of work. Entrepreneurs—especially the ones running a consultancy business—do not seem to need a traditional office to carry out their business. New technologies have made it possible for them to set up an office almost anywhere, from their home to the airport. All that seems to be needed is an Internet connection, a laptop and/or a mobile phone to connect with other people anywhere in the world. All these technologies are now available at a reasonable cost and are small enough in size that they can truly be mobile. This makes it possible for anyone to work from anywhere.

Our empirical findings about the use of ICTs, partially in contrast with Chen (2006), do not highlight any generational divide in this regard: both young and older entrepreneurs who run a transnational business use ICTs to keep in touch with clients and producers. Probably, in comparison with the time of Chen’s research, which is based on data from 2002 to 2004, ICTs adoption is now more spread to both young entrepreneurs and the elders.

All in all, our results show that, rather than being a common feature of migrant entrepreneurs, ICTs are very important mostly for those who run a transnational business, that is, with business connections abroad, regardless of their place of living, gender or age. ICTs are fundamental for transnational entrepreneurs because they make it easier for them to start and develop their cross-border business.

5 What Kind of ICTs? To Do What?

To investigate whether different forms of communication serve different purposes and how they are used, we restrict now the analysis to the transnational entrepreneurs who consider new technologies important for their work ($N = 33$). Following Chen (2006), the empirical material collected in our research confirms that ICTs are related to three main purposes: searching for information, creating and maintaining transnational business network, and e-commerce. Besides this, our results show that each of this purpose entails a specific form of communication, and this holds true both in Amsterdam and Milan.

5.1 Searching for Information

One of the most frequent uses of ICTs is to look for information through web search engines, therefore using an asynchronous way to communicate. Since transnational entrepreneurial activities entail conducting a business in several countries, the entrepreneur needs to acquire knowledge of different places where the business has contacts. Entrepreneurs normally use web search engines to look for any kind of

information (e.g. developments in the sector, new products, etc.) and, more generally, opportunities linked to local conditions in the countries where they do business. As underlined by Bagwell (2015) and Solano (2016b), transnational entrepreneurs have business links with their country of origin, their country of destination and other countries. Moroccan transnational entrepreneurs often have direct knowledge of the conditions prevailing in Morocco and their country of destination (Italy or the Netherlands in our research). However, living abroad for a long time may lead to a less profound understanding of what is going on in their country of origin (Morocco, in this case). Therefore, our respondents consult news websites and use web search engines to keep up to date about Morocco and the other countries they have business relations with. For example, a Milanese entrepreneur with a consultancy business focusing on MENA (Middle East North African) countries keeps up with the situation in these countries by “*reading newspapers and on-line news. I read many websites on economic and social issues*” (M40). Similarly, a woman entrepreneur who started to import and sell Arab clothes states that she did “*some on-line research to understand customers preferences, the products generally offered, etc.*” (M11). In all these cases, there is no interaction with anyone, and the Internet is mainly a source of information.

5.2 Building and Maintaining Transnational Business Networks

Besides looking for information, respondents use ICTs to find and keep business contacts (suppliers, clients). This is where ICTs make a real difference compared to previous working experiences and everyday business practices.

While in the past a salesman used to drive for thousands of kilometres to find new clients and sell products, nowadays this profile has changed dramatically. The Internet, and the possibility of reaching potential clients through e-mail, has made the travelling salesman a rather obsolete profile, and we now have the virtual travelling salesman instead. New contacts and new goods are first found and presented through the web, via company websites or private e-mails, at a very low cost. This is something our respondents do from their ‘mobile office’ or ‘their sofa’ (virtual mobility), while remaining in their city of residence and using a personal computer and an Internet connection. The web therefore constitutes a tool to find and create new linking and bridging social capital. Through the web, our respondents get in touch and establish new relations with people in different hierarchical positions (*linking social capital*), as well as with people unlike them in social identity but more or less equal in their status or hierarchical position (*bridging social capital*) (Szreter and Woolcock 2004). Through the web, our interviewees establish their first contacts, as this account by an Amsterdam entrepreneur clearly shows: “*When I started, I had no contacts in the food sector. So, I looked for possible contacts around the world using the Internet. . . , Google, etc. Then I contacted them by e-mail.*” (A13).

One Milanese Moroccan entrepreneur has a similar story, stressing how much things have changed since he started his own company: “*When I first started my company, in order to find new contacts outside Italy I went to France and I bought a book listing all the businesses in the world. Then I also went to the Consulates—for example, I went to the Indonesian Consulate—to ask them to do a research of the businesses which could be interesting for me. It is so much easier now with the Internet!*” (M04). In all these cases, the use of ICTs had a direct impact on the daily practices of the entrepreneurs and their businesses. Respondents mainly use asynchronous form of communication to create new business contacts.

Despite the importance of ICTs, once the new contact has been established, travelling and face-to-face relations become important factors again. Indeed, when respondents find a potentially good contact through the web, they arrange a meeting in person, as explained by a Moroccan entrepreneur in the import/export sector living in Milan, “*When I find a possible contact, I contact them by e-mail or by telephone, and then I usually visit the factory*” (M07).

Web search engines and e-mails, asynchronous means of communication, are normally used for building a transnational network, namely to acquire new business contacts. As soon as they have established a relation, in order to build trust with the new contacts, respondents go to visit them. What clearly emerges from our respondents’ narratives is that virtual communication does not entirely replace physical presence and face-to-face interactions. In order for trust to be built, face-to-face relations and co-presence remain important factors. As Mark Granovetter suggested, there is a persistent centrality of space and physical proximity in economic relations: “*People still want to check personally how companies are doing, the quality of goods or services, and they want to interact face to face without intermediations of any nature with entrepreneurs when this is needed*” (interview, in Andreotti 2011: 219).

Only after this face-to-face interaction, transnational entrepreneurs combine e-mails with other types of ICTs that allow for synchronous communication, i.e. social media (e.g. Facebook) and apps (WhatsApp). Maintaining and managing transnational contacts through social media/apps works in two ways. First, the fact of using informal means of communication allows entrepreneurs to maintain more friendly and cooperative relations with their business contacts. When it comes to maintaining relations with distant contacts, social media and apps can be good substitutes to face-to-face interactions: “*I also use WhatsApp to contact my suppliers informally . . ., for example to ask them how it is going or to wish them a Merry Christmas or a Happy New Year*” (M07). Second, entrepreneurs employ them when they need to communicate quickly with their business contacts: “*I communicate with my suppliers via WhatsApp. We talk about the goods, and if I have any kind of problem, I write or I send a picture via WhatsApp*” (M05). They are a useful tool when you need to check, or complain about, goods and services with clients and contractors.

In these cases the synchronous forms of communication (e.g. social media) are more widespread, as they allow some form of co-presence, and even face-to-face interactions, albeit mediated by a digital device: “*To stay in contact with contractors*

I use Skype and WhatsApp in particular. This is useful when you want to view or show the goods, and when you wish to interact quickly” (M07). In this regard, ICTs do not merely replace the telephone, but they also allow doing something more, like exchange pictures, files etc.

5.3 E-commerce

As underlined by Chen (2006), ICTs also represent a way to sell products and provide services. In this case, the business itself, rather than only the communication aspects, relies on ICTs. Some of the entrepreneurs in this sample offer their products/services on-line, without having a physical office or shop. To do this, they use on-line platforms, i.e. interactive websites where the customers can buy the products/services directly. For example, an entrepreneur living in Amsterdam has an on-line shop selling her brand of clothing, household accessories and other accessories. She produces the goods in Morocco and other countries, and she sells them on line: *“I use my on-line shop. . . I have clients from the Netherlands, the US, the UAE, etc. It would be difficult for me to reach them without the websites. I do all my transactions through the platform” (A22).* Another, working in the solar energy sector with clients around the world, says, *“I sell my products through the website. Actually we have many platforms there, and I use e-mail and Skype to communicate” (A25).*

Respondents also use social media, Facebook in particular. One Moroccan entrepreneur living in Amsterdam sells dresses and perfumes to a clientele of co-nationals. He imports most of the goods from Morocco and Saudi Arabia, and says, *“I sell these products via Facebook, to people in the Netherlands, Belgium and other countries. I don’t have a shop; people are buying the products via my Facebook page. I guess my business is doing well because the Internet has become more usual for people, and it makes it easy for them to buy things they want” (A05).*

Not surprisingly, entrepreneurs who make use of e-commerce platforms are mainly based in Amsterdam while only one is present in Milan. This reflects the different use of technologies by entrepreneurs in the two countries as well as the different penetration of e-commerce in consumption modalities.

To summarise (see Table 4), both synchronous and asynchronous forms of communication are important and widely used by the respondents of this sample, with different purposes and with different frequency. ICTs that allow asynchronous communication (e.g., websites and e-mails) are normally used to searching for information and to creating new business contacts. The synchronous ones (e.g., social media and apps) are preferred when it comes to maintaining social contacts and solving problems. However, these are normally used when a trustful relationship has been built thanks to face-to-face interactions.

Table 4 Activities, technologies and goals

Activity	Goal	ICTs employed
Searching for information	Finding information about business-related issues	Websites; web search engines
Building and maintaining business networks	Finding new business contacts	Websites, web search engines; e-mails
	Maintaining business contacts	Social media and apps
E-commerce	Offering products and services	On-line platform; social media

6 Virtual and Physical Mobility for Different User Profiles

In the previous section, we underlined that Moroccan transnational entrepreneurs use different kinds of ICTs for different purposes. Crisscrossing the different kinds of ICTs and purpose of the use, we identified three profiles of transnational entrepreneurs using ICTs. As in Sect. 4, in this section we focus only on the transnational entrepreneurs who consider new technologies to be important for their work.

The first profile is the *basic user*, and it refers to respondents who make limited use of ICTs (17 respondents out of 33). In this group, migrants normally use only asynchronous forms of communication such as web search engines and e-mails. They use them to look for information on the Internet and to communicate with clients and suppliers.

The second profile is the *advanced user*, and it consists of respondents who mix different applications for business (10/33), using a wider range of ICTs for both synchronous and asynchronous communications: e-mails, web search engines (e.g. Google), and apps (e.g., WhatsApp, Skype, etc.). Respondents also use social media to maintain transnational business and social relations, to place orders easier and faster, to check for goods and services, and to complain if necessary.

The third profile is the *e-commerce user*, and it refers to entrepreneurs who sell their products/services on line through platforms (6/33). It differs from the previous one as the business is centred on the use of ICTs. These ones are the most active and frequent users, mixing all kinds of ICTs.

Respondents in Amsterdam appear to be slightly more likely to be in the second or third profile (9/15) than those in Milan (7/20). These profiles are transversal in terms of gender and age, as both young and older entrepreneurs are found in the first profile.

What seems to make a real difference in the use of ICTs, especially comparing basic and advanced users, is the type of business. Entrepreneurs running a consultancy agency are more likely to be *advanced users*, since they use synchronous means of communication. On the contrary, entrepreneurs who own goods-related businesses are more likely to be *basic users* since they use only asynchronous means of communication. This is partly related to the type of communicating required in the two kinds of business. Consultancy agencies often need synchrony. People need to talk with customers and have detailed discussions with them. Therefore, e-mails do

not seem to be enough, as explained by a Milan-based Moroccan entrepreneur who does professional translations on bureaucratic issues: *“I use Skype to talk to people abroad and to discuss bureaucratic issues or other issues related with translations. With such things, e-mails do not work very well”* (M5).

Entrepreneurs who trade goods do not seem to need this type of synchrony, and e-mails are usually considered a good tool. However, some who deal in perishable goods (fruits and vegetables) find synchronous apps an easier way to speed up orders: *“Sometimes I need fresh products, or certain clients require them. So, I use my mobile to call my suppliers via Skype, and I get an answer immediately”* (M05).

We have underlined that ICTs are crucial for transnational entrepreneurs when it comes to having contacts with people outside the country of destination. We have also seen that physical mobility continues to play an important role in business dealings: the use of ICTs does not prevent respondents from being physically mobile. In this section, our aim is to understand to what extent Moroccan entrepreneurs combine virtual mobility with physical mobility.

The first element we need to stress is that our respondents are rather mobile in both Amsterdam and Milan, since they travel abroad approximately four times per year regardless of their city, age and gender. Four times per year seems quite high considering that, for example, Andreotti et al. (2014) have found that highly-educated European managers travel less than that. To run their business and to interact with clients, contractors and the like, transnational entrepreneurs normally travel to more than two foreign countries on average, half of them in three or more foreign countries.

They also have a rather international network. Respondents reported an average of seven business contacts abroad in their network. Overall, the business network of our respondents consists of 40.4% of contacts living abroad.

We can therefore say that transnational entrepreneurs in this sample combine virtual and physical mobility to carry out their business effectively, thereby confirming the findings of Chen (2006) and Chen and Wellman (2009). Despite the use of ICTs, physical mobility is still critical for their business. Quite interestingly, respondents explained the steady importance of travelling for the same purposes that we identified for the use of ICTs, i.e. acquiring information, managing contacts, controlling the quality of the contacts and the goods and services sold or bought. Some narratives can clarify this point. One transnational entrepreneur living in Amsterdam stresses that sometimes it is better to visit clients directly, because this fits with their customs and traditions since Moroccans still tend to prefer personal, physical contact with people they do business with: *“I use Facebook to communicate with my business contacts. However, I noticed that it does not always work out well, because for example, a picture is different from the real thing. Yes, it is also the fact that you work with people from Morocco, and they are a bit older and they are not that good with technology. So they are still old-fashioned. So, sometimes going there in person works better”* (A08). Another entrepreneur, also living in Amsterdam, highlights that going to the actual place is the only way to check the quality of what she is selling: *“I have a website with a lot of information about Morocco related to travels, holidays and leisure, and how to deal with certain bureaucratic problems*

(*buying a second house, getting married, booking tickets, etc.*). [. . .] *What I did was I selected some very good companies in Morocco and tried to get a discount agreement with them and the customers. [. . .]. I usually contact them directly and I go to the company to check the quality and to set an agreement. All companies, restaurants, hotels are checked before I put them on my website* (A24). Physical mobility is therefore important for the purposes of getting more information and creating and maintaining contacts abroad, as we have already shown. Entrepreneurs in the goods-related sector usually continue to attend international trade fairs, since this is still a good way to obtain information and create new contacts: *“I gather information and contacts at trade fairs. They are organised precisely for people to meet new suppliers and their products. For example, every year I go to the textile fair in Germany. Whenever there is a food fair I go there, too”* (M07).

Entrepreneurs in the service sector (i.e. consultancy agencies) travel for the purpose of exploring new markets, acquiring key contacts and getting further information. A respondent who has a business consultancy for enterprises that want to invest in Morocco, is a case in point: *“I gathered this information myself by very actively taking part in trade missions to Morocco”* (A11).

We have previously underlined that the transnational entrepreneurs in the sample can be sorted into three different user profiles: basic, advanced and e-commerce users. To better understand to what extent these different profiles are also physically mobile, we present a radar graph (Fig. 1), where the three lines represent the three user profiles, and the area covered by each profile is the combination of virtual and physical mobility. Physical mobility is defined by the number of trips abroad made by our respondents, the number of countries they travel to, and the number of people who are a part of our respondents' business network abroad.⁵ In the radar, the average value (median⁶) for each profile is considered (see also Table 5).

Some interesting differences emerge in relation to the extent to which respondents are physically mobile. E-business users cover the larger spatial area in the radar meaning that they travel quite a lot, and they have the largest number of business people living abroad in their network. Advanced and basic users show a more restricted spatial area compared to the e-commerce profile, though the shape is not identical for these two profiles. Basic users travel slightly more than advanced users, although the former group seems to have fewer business contacts than the latter. Our data therefore shows that transnational entrepreneurs who rely more on synchronous means of communication (advanced users) travel slightly less than those who employ asynchronous means (basic and e-commerce users), which suggests a possible substitution between the two. Interviews underline this point: for example,

⁵In this count, every contact related to the business is included (e.g., suppliers, relatives who help with the business, etc.). For example, if the respondent has two suppliers in Morocco, one in Germany and two relatives managing the part of the business in Morocco, the respondent has five people living abroad.

⁶We report median instead of mean since median is a more robust measure of central tendency with small number of cases. For the same reason, we report the interquartile range, namely the difference between the upper and lower quartile.

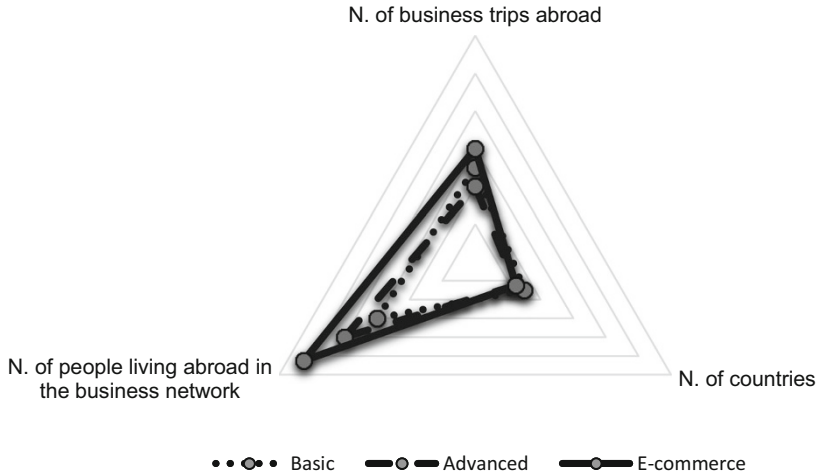


Fig. 1 Profile of users and physical mobility

Table 5 Indicators of physical mobility for each group of users

	Number of business trips abroad	Number of countries with which the respondent has contacts for business reasons	Number of people living abroad in the business network
Basic users	5 (6)	3 (4)	6 (6)
Advanced users	4 (4)	2.5 (3)	8 (8)
E-commerce users	6 (13)	2.5 (7)	10.5 (11)

Note: The values represent the median of the group, with the interquartile range within brackets

one entrepreneur, an advanced user living in Milan, states that “back in the day, I had to go to China or wherever to take a look at a product. And if I was there on behalf of someone else I had to call them and describe the products. Nowadays with the available apps (WhatsApp and Tango), I can see the product. Everything is immediate, easier, and I need to travel a lot less” (M04).

7 Conclusions

The spread of ICTs has brought to light new opportunities to create and maintain business relations regardless of physical distance. Among the people taking more advantage of this expansion are migrant entrepreneurs. As interestingly pointed out by Chen (2006), it is often taken for granted that new technologies have been critical

in engaging migrants in transnational activities. Despite migrants seem to be eager to adopt and make use of new technologies, few studies have analysed the concrete impact that ICTs have had on migrants (Dekker and Engbersen 2014), and on migrant entrepreneurs in particular, and how they use ICTs. The chapter sheds light on the relation between ICTs and migrant entrepreneurs, focusing on their use of ICTs and how they combine virtual and physical mobility. Therefore, the chapter contributes to both the field of migrant entrepreneurship in general and transnational migrant entrepreneurship in particular.

Based on a research recently conducted in Amsterdam and Milan among Moroccan entrepreneurs with domestic and transnational businesses, we have underlined four main results. The first important finding of this research is the difference between migrant entrepreneurs who run a domestic or a transnational business. Moroccan entrepreneurs running a domestic business use new technologies, such as personal computers, laptops, printers, on a daily basis but they do not consider communication technologies all that important. They do not generally use the Internet and its applications. In contrast, entrepreneurs running a transnational business consider the use of the Internet and its applications to be crucial when it comes to starting, developing and maintaining a transnational business. ICTs make it easier for migrants to conduct their business, since they are cost and time efficient. This seems in line with the findings about international entrepreneurship (Onetti et al. 2012; Sinkovics and Bell 2006; Sinkovics et al. 2013).

Second, transnational entrepreneurs use both asynchronous forms of communication such as web search engines and e-mail, and synchronous means such as social media and apps, but they do so for different purposes. On the one hand, transnational entrepreneurs employ asynchronous communication tools to access information and find out about opportunities abroad; on the other hand, they use synchronous means to check on goods and services, and to speed up orders. Transnational entrepreneurs combine the two in order to develop and maintain cross-border business contacts with suppliers and customers (i.e. weak ties) and with relatives and friends (i.e. strong ties). The respondents stress that asynchronous ways of communication are used to create new business contacts, while synchronous ways of communication emerge only later to maintain these contacts.

Third, three main profiles have been identified among transnational entrepreneurs: *basic users*, who deal only with asynchronous applications; *advanced users*, who combine both forms of ICTs mainly to look up information and maintain contacts; and *e-commerce users*, who base their business on ICTs and use them on a regular basis.

Last, but not least, virtual mobility does not substitute physical mobility entirely. ICTs are important to establish new relations or get in touch with people that respondents do not know personally and who live in other countries. Once, the connection is established, respondents need to visit their contacts and build a trustful relation, creating social capital through experimentation (Trigilia 2001). Only after face-to-face interactions and that trustful relations have been established, ICTs—especially the one allowing synchronous communication—become important again, and they are indeed a useful tool to support and foster business relations.

These results can suggest some policy implications to foster transnational migrant entrepreneurship. Previous literature showed that migrant-owned businesses with transnational activities are more profitable than non-transnational ones (Wang and Liu 2015). We underlined that for carrying out a transnational business and overcoming potential barriers such as geographical restrictions, migrant entrepreneurs need ICTs. Therefore, all policies fostering both ICT infrastructure and the adoption and use of software communication are welcome.

Limitations of the research presented in this chapter are evident, but two of these are worth mentioning specifically. It is based on migrants of only one nationality: Moroccan entrepreneurs. Addressing migrants from other national groups might lead to partially different results, especially regarding the combination of virtual and physical mobility. For example, people from more distant countries (e.g. Ecuadorians in Italy) might well rely more on ICTs and less on physical mobility than our respondents. In this regard, we would recommend including different national groups of migrants in future studies. Secondly, the sample was a convenient one, and rather small. Further research should address this topic by collecting larger and more statistically representative data. This could be beneficial in order to verify the trends that emerge from the qualitative measures of our research.

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Understanding Entrepreneurship and International Business Knowledge Transfer by Diaspora Knowledge Networks: The Case of Honduras Global



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Abstract To date there is limited insight on how successful members of a diaspora can contribute to their countries of origin in terms of knowledge transfer. We argue that understanding Diaspora Knowledge Networks (DKN) may provide important insights into knowledge transfer for international business and entrepreneurial practices. This chapter focuses on the case study of Honduras Global, a DKN that brings together scientists, artists, business owners and organization executives of the Honduran diaspora. Based on human and social capital theories and the knowledge based view this chapter delves into knowledge transfer dynamics engaged by Honduras Global. Findings suggest that a DKN can be understood as a vehicle for knowledge transfer through three interrelated dimensions. An inclusive membership base, relationship development, and internal coordination facilitate a comprehensive and holistic knowledge transfer. Opportunities and challenges for further research are presented.

1 Background

Knowledge about entrepreneurship and international business engagement plays a crucial role in the context of developing economies (Brundin et al. 2017). Understanding about knowledge transfer around these topics is important for several reasons. First, whilst knowledge about entrepreneurship and international business can be disseminated by highly skilled diasporan academics in universities or practitioners in businesses, the vehicles and processes for knowledge transfer back to

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their countries of origin is scarce (Barnett 1994; Narteh 2008). Second, earlier studies suggest that individuals and organisations overseas that can leverage academic and practical experience from Diasporans may support knowledge transfer in developing countries (Frankel 1995; Kuznetsov 2006; Scellato et al. 2015). In that regard, recent studies highlight Diaspora Knowledge Networks (DKNs) as mediators between a community of skilled expatriates around the world and institutions or groups in countries of origin (Leclerc and Meyer 2007). While the relevance of DKNs is gaining attention (Meyer 2011) their dynamics in terms of knowledge transfer around entrepreneurship and international business remains elusive (Turner et al. 2003).

This study is motivated by the need to understand further the influence of DKNs in knowledge transfer about entrepreneurship and international business. A DKN is broadly defined as an “*association of highly skilled expatriates willing to contribute to the development of their origin countries*” (Meyer 2011: 159). The DKN represents a diaspora community that counterbalances the so-called “brain drain” issue in migration (Meyer and Wattiaux 2006; Cañibano and Woolley 2015). The study of DKNs to date has mainly revolved around human and relational resources of highly skilled diasporan academics in host countries that can help a country of origin (Meyer 2001). The study of DKNs is relatively new yet has been considered a relevant future research context by UNESCO in areas such as innovation, migration and development/cooperation (see Meyer 2011 for a detailed discussion). We still know little about how knowledge about entrepreneurship and international business can be transferred between a DKN and diverse actors in a country of origin.

International business knowledge revolves around the processes, costs, techniques and institutional details needed for firms to trade internationally (Eriksson et al. 1997). Entrepreneurship knowledge deals with the experiences of one or more individuals engaging in the pursuit of opportunities, being highly dependent of information that can be trusted (Shane and Venkataraman 2000). Both topics are important in the study of diasporas (Elo et al. 2015) as knowledge transfer may provide the basis for transnational entrepreneurship (Elo and Hieta 2016).

To bridge gaps around knowledge transfer around entrepreneurship and international business some DKNs may focus on the academic knowledge and expertise of its members (Séguin et al. 2006). Yet, while theoretical knowledge can be procured by highly skilled academic diasporans in universities or R&D institutions, detailed knowledge of contextual aspects, internationalisation triggers and opportunities over time are linked to the long term venturing experiences of business practitioners (Ciravegna et al. 2014; Welter 2011).

Previous studies around DKNs have focused on members of the scientific community as the unit of analysis and often overlook the potentially large contribution that non-academic members may make (Tetty 2016; Amagoh and Rahman 2014). Furthermore, insights about DKNs has focused on “*emerging economies*” located in Asia and enjoying an “*incomparably better academic and industrial environment than most developing countries*” (Meyer and Wattiaux 2006: 12). Understanding the influence of DKNs in other developing contexts, such as Latin America, is relevant

as differences between countries and specific knowledge transfer have become more apparent (Fong Boh et al. 2013).

Following up on the arguments above, we aim to answer the following question: *how does a DKN transfers knowledge about entrepreneurship and international business in a developing country?*. To increase understanding about knowledge transfer around entrepreneurship and international business by DKNs this chapter proposes a framework based on the knowledge based view (Grant 1996), human capital (OECD 1998) and social capital (Nahapiet and Ghoshal 1998). Moreover, this study looks into knowledge transfer by a DKN based on the Honduran diaspora, Honduras Global, which includes academics, artist, business owners/managers and highly skilled professionals. In doing so, this chapter contributes to understanding by showing how a DKN can be used to transfer knowledge about entrepreneurship and international business in a developing Latin American country.

The chapter continues as follows: First, the theoretical background and contextual dimensions of Honduras Global are described. Then the research method and findings are explained. Finally, a conclusion, limitations and opportunities for further research are presented.

2 Literature Review

2.1 DKNs and the Knowledge Based View

Understanding DKNs highlights the relevance of a knowledge based view. A knowledge perspective has its roots on the resource based perspective, which assumes that diverse and distinctive resources (valuable and rare, difficult to imitate and substitute), may allow organizations to process information and capabilities to achieve competitive advantages (Barney et al. 2001). In that regard, knowledge, broadly defined as “information that is relevant, actionable, and based at least partially on experience” (Leonard and Sensiper 1998: 113), as well as the ability to create and transfer it, is considered a key resource associated with higher levels of performance as it is difficult to trade and imitate, appropriable, scarce and highly specialized (Nonaka 1994).

The knowledge based view calls to analyze how organizations create, acquire, apply, and transfer knowledge (Grant 1996). Knowledge is a subset of information, subjective, linked to meaningful behavior, with tacit elements linked to experience (Leonard and Sensiper 1998). Human knowledge is action oriented and is believed to be best transferred via social interaction with people, due to the human capacity to absorb signals in face-to-face communication (Sveiby 1996). Knowledge transfer is considered important from an organizational perspective as it reduces uncertainty in processes engaged (Alexy et al. 2013). The knowledge based view is relevant for this study as it can help untangle the dynamics of knowledge transfer by DKNs to countries of origin. Knowledge transfer by highly skilled Diasporans may make the entrepreneurial and internationalisation process less daunting for those who are

eager to engage in the entrepreneurial process or to offer their products/services beyond national borders (Shepherd and DeTienne 2005).

A DKN is an ideal context to understand knowledge transfer as the primary resource by its members is knowledge, and if most of this knowledge can only be exercised by the individuals who possess it—then the theoretical relevance of the knowledge based view is warranted (Grant 1996: 120). To examine knowledge transfer dynamics, scholars call to understand three dimensions in an organisation: external structures, internal structures and individual competence (Sveiby 2001). To appreciate why a knowledge-based view can be useful in our understanding of DKNs we have to consider some of the features that differentiate knowledge transfers based on such dimensions. Sveiby (2001) shows that diverse knowledge transfers exist in most organisations.

Notwithstanding, Sveiby (2001) model has not been explored in the context of DKNs. Moreover, scholars call to understand the applicability of existing knowledge transfer models in organisations where individuals may possess diverse types of knowledge, may not be located in close proximity to each other, and where coordinating knowledge transfer may become problematic (Grant 1996). Such a context can be found in DKNs where individuals may be located in different geographical settings and where individual members may have heterogeneous stocks of knowledge and expertise. To address such concerns we look into the human and social capital perspectives.

2.2 *DKNs and Human Capital*

Human capital theory has been used to understand the endowment of individual migrants in their countries of migration (Meyer 2007). Human capital is defined as “*the knowledge, skills and competences and other attributes embodied in individuals that are relevant to economic activity*” (OECD 1998: 9). Human capital may include explicit knowledge, formally acquired in educational centers, and implicit (tacit) knowledge, acquired during one’s experience in a particular domain (Polanyi 2012). Economic logic within human capital premises postulate that the inventory of skills and abilities gained by an individual migrant leads to opportunities and choices when they migrate. Such choices can be the pursuit of an academic, professional or entrepreneurial career. Sources of human capital come from family, education and experience (Anderson and Miller 2003).

It is commonly believed that the higher the number of years spent on acquiring education and professional experience supposes a higher endowment in human capital. Such endowment can be leverage by migrants anywhere they decide to migrate to. Discua Cruz and Tejada Calvo (2009) suggest specialized qualifications in diasporan scientists such as doctoral degrees, enhances human capital through increased years of schooling, research and teaching. Such specialized knowledge

may focus on the study of international business strategies, globalization trends and internationalisation techniques. Members of DKNs who are scientists or belong to institutions of higher education may bring specific expertise, processes and techniques that may enhance the perspective of those interested in international business advances. It is no surprise that DKNs rely strongly on specialized scientific knowledge (Meyer 2011).

Yet there is an opportunity for DKNs to enhance knowledge by including members that bring expertise in the business, professional and artistic spheres. Diasporans that are business owners, or professionals in institutions that deal with fostering international business relations are aware of contextual dynamics, market demand and potential internationalisation barriers in their countries of origin. Furthermore, diasporans who become business owners have accumulated significant knowledge and acumen (Zahra et al. 2005) as a result of pursuing business opportunities in their country of migration. Such diasporans may have heterogeneous experiences that generate knowledge (Bingham and Davis 2012) that can be shared in their countries of origin.

Yet, researchers warn that our understanding of DKNs would be limited if a human capital overlooks the importance of social relationships (Discua Cruz and Tejada Calvo 2009; Ferguson et al. 2016). Meyer (2001) highlights that human capital, in the case of scientist and highly educated migrants, is also enhanced due to the relational dynamics associated with their professions in the country of migration. The process that leads to the achievement of skills and knowledge in the country of migration supposes the development of diverse relationships which can be beneficial in future knowledge transfer activities. To appreciate how such relationships can impact DKNs in knowledge transfer we now turn to social capital.

2.3 DKNs and Social Capital

Social capital is a relatively new concept and theoretical perspective (Adam 2008). Nevertheless, it has been widely regarded in the study of diverse disciplines including Diasporas, ethnic communities and migration (Anthias 2007; Wang and Altinay 2012). In entrepreneurship, social capital derives out of the relationships between individuals (Adler and Kwon 2002) and is conceptualized as the outcome of a process rather than a fixed artifact (Anderson and Jack 2002). Social capital differs from other kinds of capital in that it is not easily bought, sold, or traded, and contrary to residing within an individual, such as human capital, it pertains to the relationships between them (Coleman 2000). Its premises rely on the creation and nurturance of relationships in networks (Bourdieu 1985). The benefits of social capital revolve around the access to information, resources and other individuals (Portes 1998).

The nature of social capital for DKNs is relevant for this study as it embodies the leverage of relationships in diverse networks that skilled migrants become members

of (Meyer 2007). In that regard, social capital can have both bonding and bridging features. For example, bonding social capital, refers to the relationships among affinity groups which strengthens ties between members, and bridging social capital, refers to relationships outside of one's own group which stretches the relationships between individuals and networks (Nahapiet and Ghoshal 1998). Discua Cruz and Tejada Calvo (2009) found that these two features are relevant in knowledge transfer in the scientific community of DKNs. For the former, this may be represented by strong relationships between scientists or academics. For the latter, an extended academic community could be activated to find out specific expertise in a particular subject (e.g. entrepreneurship, international business).

Yet, the benefits of social capital for diasporans can also be observed in successful business founders and leaders (Brzozowski et al. 2014). A widespread network of stakeholders can be activated by diasporan business owners as over time they have gained legitimacy and trust to sustain their business activity in their host country (Ensign and Robinson 2011). Relationships in networks including suppliers, customers, advisors, bankers and often a transnational family network in their home country can provide a heterogeneous knowledge base (Elo 2016; Elo and Hieta 2016). Bonding and bridging social capital is found in the degree of relationships in the business spheres, ranging from contractual to purely relational (Rauch 2001). A key relational feature is an enhanced degree of social awareness through the discovery of new trading networks (Qiu and Gupta 2015). Relationships in such networks may be leveraged to identify and evaluate opportunities in relation with countries of origin (Katila and Wahlbeck 2012; Anderson and Jack 2002).

To date, DKN studies have mainly focused on the human and social capital of members who belong to the scientific community (Meyer 2011). Such approach limits DKNs that could be bringing greater credibility and legitimacy in knowledge transfer around entrepreneurship and international business based on heterogeneous knowledge derived from both academic and practitioner communities. To increase understanding, we set to explore DKNs that includes both scientists and business practitioners amongst its members.

3 Research Method

To understand knowledge transfer by a DKN this study is concerned with the experiences of those involved in the process. To address our research question: *how does a DKN transfers knowledge about entrepreneurship and international business in a developing country?*, detailed and in-depth insights from those involved was needed (Stake 2008). Qualitative research allows answering "how" questions, understanding the world from the perspective of those studied, and examining and articulating processes (Pratt 2009: 856). Qualitative studies provide rich contextual evidence when a phenomenon has not been explored in depth (Yin 2008). Moreover, qualitative methods help capture detailed perspectives and provide a more valid explanation of what is going on. In particular, a single-case study

approach is useful to understand the complex dynamics of organizations such as a DKN (Stake 2008). Single case studies provide an ideal approach when understanding organisations that depend on selected individuals to achieve their objectives (Tadajewski 2015). We deliberately sought out a DKN that would be representative of what we wanted to study (Denzin and Lincoln 2008).

As the case selection was purposive, privileged access was required. To address the difficulty to attain information, particularly in Latin America (Jones 2004), for this study we chose a DKN that both authors, being Honduran diasporans and representatives of academic and business spheres, are members of. A participant observation approach was employed (Anderson and Jack 2002; Leitch et al. 2010). First-hand experiences from the early development of the DKN and relationships developed within facilitated access to primary and secondary information since 2011. Evidence was gathered through available printed (Seddig and Cerrato Sabillon 2014) and digital information (e.g. website), interactions in DKN physical and online meetings and conversations with DKN's founders and members who have transferred knowledge on entrepreneurship and international business in Honduras.

Initial analysis was in Spanish; translation into English was undertaken later. Interpretive methods were used to analyse how a DKN would facilitate knowledge transfer. Early stages of analysis included categorizing findings into human and social capital dimensions. Diverse knowledge transfer features were identified. The search for meaning led us to gain in-depth understanding of local, emic meanings, and of diverse perspectives in the approach of DKNs for knowledge sharing. Analysis of the data was then reiterative in moving between data and emerging findings (Alvesson and Skoldberg 2000). Analysis of the data focused on how and why participants engaged knowledge transfer through the DKN. This allowed the authors to follow up on emerging themes (Patton 2002). The analysis was informed by our prior theoretical understanding but not constrained by it (Finch 2002). We refer to data in tables to help us support key themes emerging from the analysis (Pratt 2009). In doing so, we aimed to increase the transparency in our approach and address the validity of our study (Gibbert and Ruigrok 2010).

4 Context: Honduras

Honduras is a developing Latin American country in Central America. It has an estimated population of 8.7 million inhabitants and the second largest area in this region (112,090 km²), which a population density of 78 habitants per sq. km.¹ Today, 60% of all inhabitants are believed to live below the poverty line.² The country's per capita GDP is one of the lowest in the Central American region, at

¹Instituto Nacional de Estadísticas de Honduras <http://www.ine.gob.hn>

²Central Intelligence Agency, USA, <https://www.cia.gov/library/publications/the-world-factbook/geos/ho.html>

USD 2365 (2015)³ and based on the CIA's GINI index, which measures the degree of inequality in the distribution of family income in a country, Honduras' inequality score at 58 is the eight highest in the world. Of all developing country regions, DKN research in Central America is the least covered, with the bulk of research mainly focused on larger Latin American countries such as Colombia and Mexico (Meyer 2007).

Migration is a social issue in Latin America (Pellegrino 2001). Honduras is no exception. Due to the lack of employment opportunities, increasing social unrest and high personal security risks faced by the population at large, especially those with lower income and education, many Hondurans are migrating to other countries in an effort to improve personal and family living conditions. It is estimated that over a million Hondurans have relocated to other countries, especially to the USA, since the late 1990s. Furthermore, natural events have accelerated migration in the last decades. According to the 2015 Germanwatch's Global Climate Risk Index, Honduras was the most affected country in the world by extreme weather events in the 20-year period between 1994 and 2013. The last major natural event was Hurricane Mitch, which affected the country at the end of 1998, destroying almost half of the country's infrastructure.

The Centre for Latin American Monetary Studies (2008) reported that out of the total of Honduran households with international migrating relatives, 86.6% departed between 1998 and 2007, compared to 13.4% that migrated before that period.⁴ International cash remittances sent to Honduras have definitely become an important proxy of the size of Honduran nationals living overseas. The Honduran Central Bank's balance of payments report shows that while in the year 2000, cash remittances represented only 6% of GDP, in 2015 they represented 16% of GDP. The total transfers in the year 2000 were USD0.44 billion while in 2015 they were USD3.65 billion. Such data is important to contextualize the diverse motivations and consequences of migration dynamics in Honduras and suggest that monetary resources to engage in entrepreneurial initiatives or exporting efforts are latent in the country (Mundaca 2009). Knowledge about how to engage in the entrepreneurial and internationalization process is needed. Understanding whether a DKN can engage in knowledge transfer around entrepreneurship and international business is needed.

5 The Case Study: Honduras Global

Honduras Global, was officially founded in 2010, and can be defined as a DKN based on the criteria suggested by Meyer (2011). The birth of Honduras Global was the result of three converging forces. First, Sir Salvador Moncada, the most

³Banco Central de Honduras http://www.bch.hn/pib_base2000.php

⁴Centro de Estudios Monetarios LatinoAmericanos (CEMLA) <http://www.cemla-remesas.org/informes/report-honduras.pdf>

recognised Honduran scientist worldwide and one of the most distinguished Hondurans abroad, became acquainted with the DKN experience of China and India, who worked with diasporans to further scientific development. Sir Moncada initially wanted to organize a network of Honduran scientific diasporans. Second, in 2008, members of the Honduran National Association of Industrialists (ANDI), the Honduran Council for Science, Technology and Innovation (COHCIT) and the Salvador Moncada Foundation for the Advancement of Science (FSM) met to devise a plan to organize a highly-skilled Honduran diaspora network. Finally, in 2008, Germany's main Agency for International Cooperation (GIZ) decided to join the initiative and procure funding. The DKN project was then supported by governmental, private and cooperation agency actors.

In 2009, members agreed to name the DKN organisation as "Honduras Global, Red de Conocimiento para el Desarrollo" (Knowledge Network for Development). In contrast to other DKNs (Meyer 2011), the selection criteria for members aimed to include not only academics but also highly skilled Honduran professionals and practitioners around the world. To do so the focus was to approach diasporans with recognized achievements in their area of expertise, a desire to contribute to the development of Honduras, and self-identification as Hondurans. The official start of Honduras Global was envisioned for 2009 yet the uncertain political situation in the country at the time, which included the ousting of then President Manuel Zelaya (Ruhl 2010) brought the process to a "stand-by". Furthermore, COHCIT was replaced by the Ministry of Planning and External Cooperation (SEPLAN), as the government's representative.

Finally, on June 8th 2010, Honduras Global was launched at the Honduran presidential palace, with a newly elected President, Porfirio Lobo Sosa, as a witness of honour. In June 2011, twelve Honduras Global members, three institutional members (ANDI, SEPLAN, FSM) and a GIZ representative met in Houston, Texas, to formally constitute the Honduras Global Foundation. The initial strategy and subsequent activities ensued. Finally, in October 2011 the first Executive Director to implement the initial strategy was hired.

6 Findings

Analysis of the data suggests knowledge transfer around entrepreneurship and international business occurred across various dimensions, supporting Sveiby (2001) model. Human and social capital premises explain further the dynamics of such model in the context of a DKN. Analysis of knowledge transfer activities in Honduras Global for each dimension is found in Table 1. A graphical portrayal can be found in Fig. 1.

Table 1 Knowledge transfers in Honduras Global. Adapted from Sveiby (2001)

Transfers	Answers/Activities	Honduras global knowledge transfer dynamics
1. Between individuals	Activities focused on trust building, enabling team activities, induction programs, and so forth.	Several formal and informal gatherings (e.g. dinners, reunions) induction activities of new members, separation of structure based on geography (USA, Europe)
2. From individuals to external structure	Activities focused on enabling the members to help stakeholders learn about the products/services, holding seminars, and providing education.	Live talks seminars around the expertise of members aiming to increase human capital of recipients in different topics are engaged
3. From external structure to individuals	Activities focused on creating and maintaining good personal relationships between the organisation's own people and the people outside the organisation.	This is achieved through the internal team of Honduras Global, who has periodic meetings with private and public agencies to learn about knowledge gaps and how Honduras Global members can bridge them
4. From individual competence into internal structure	Activities focused on tools, templates, process and systems so they can be shared more easily and efficiently	Honduras global maintains data repositories of competences, projects through virtual tools (e.g. Dropbox) that are shared with the whole organisation. In such repositories members have access to all the different systems created and revised by the top management team. Such systems were created and are maintained through the expertise of members
5. From internal structure to individual competence	Activities focused on improving the human-computer interface of systems, action-based learning processes, simulations and interactive e-learning environments.	The internal structure of HG provides online platforms for newly added members to interact initially with stakeholders in Honduras. Virtual tools facilitate the first interactions and also provide an alternative to knowledge transfer via traditional face to face engagement
6. Within the external structure	Activities focused on partnering and alliances, improving the image of the organisation and the brand equity of its products and services, improving the quality of the offering.	The support by NGOs, private and governmental agencies is supported by the perceived relevance of expertise brought by Honduras Global members. Members are able to interact and discuss on gaps that can be catered by Honduras Global and support the knowledge transfer activities by supporting the reputation and official status. (e.g. Ministry of Communication and Image)

(continued)

Table 1 (continued)

Transfers	Answers/Activities	Honduras global knowledge transfer dynamics
7. From external to internal structure	Activities focused on interpret customer complaints, creating alliances to generate ideas for new services.	The administrative team have a physical location in the national university of Honduras and can be contacted through different channels. Based on relationships developed since its foundation, stakeholders can contact the organisation and its structures (USA, Europe) through the administrative team. New knowledge transfer initiatives based on alliances with universities (e.g. fashion design programme by Carlos Campos, Appendix) have been developed through enhancing competence of stakeholders
8. From internal to external structure	Activities focused on making the organisation’s systems, tools and processes effective in servicing stakeholders.	The organization operating procedures are open to stakeholders. Knowledge transfer activities are disseminated to stakeholders with time in advance to program the delivery of seminars and workshops. The internal systems allow a prompt response to the needs identified by external stakeholders. Main activity: Academic week
9. Within internal structure	Activities focused on streamlining databases, building integrated IT systems, improving the office layout, etc.	The administrative team has been supported in the provision of a new office in the premises of an university, with access to internet and support. This allowed the team to devise monitoring systems for prompt communication of activities to Honduras Global members. Good relationships between administrative teams ensures that information is produced and disseminated promptly. Databases on members and their individual competence can be disseminated via online tools (email, website, Dropbox)

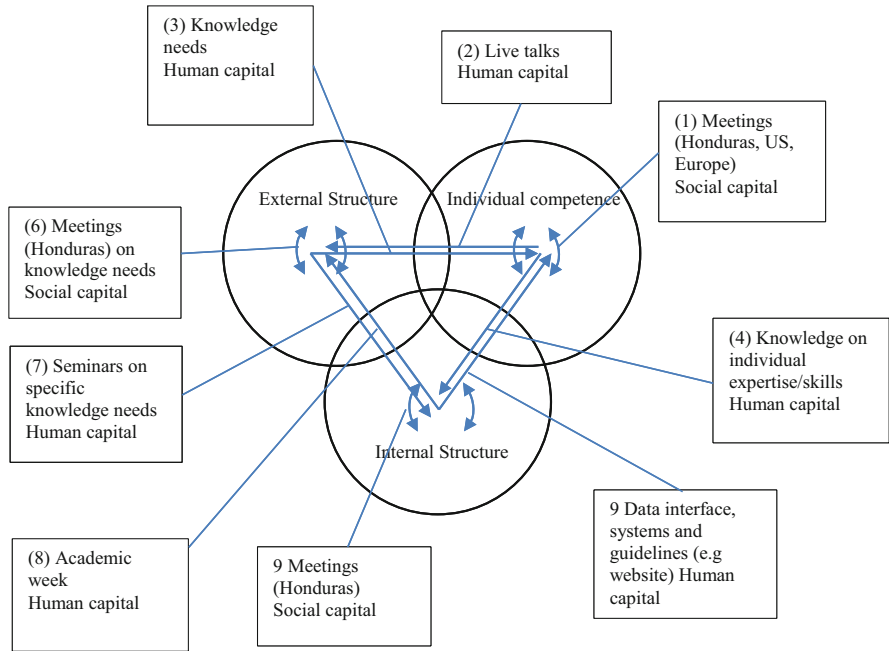


Fig. 1 The nine knowledge transfers around entrepreneurship and international business in Honduras Global [adapted from: Sveidy (2001, p. 349)]

6.1 Individual Competence and Knowledge Transfer Features

The individual competence dimension is represented by the individual members of the organisation. Human capital highlights the individual competence of Honduras Global members. By bringing heterogeneous knowledge, expertise and skills, members could transfer a holistic and comprehensive perspective for interested parties in Honduran society about international business or entrepreneurial processes. An interesting finding in our study is that inclusion of highly skilled diasporans, both academics and practitioners, enhanced knowledge transfer features in a DKN. This can be appreciated in the diversity of members included and their field of expertise as well as the collective activities engaged. Individual competences are enhanced through the online sharing of information through virtual tools (e.g. Cloud storage, website, database).

As of August 2016, Honduras Global is composed of 75 members: twenty seven (27) members in Europe, twenty eight (28) in the US, fourteen (14) in Honduras and six (6) in other countries. At the time of writing this chapter, further memberships were being considered in Europe. The fields of expertise represented in the group are diverse and comprise a wide spectrum of professions and occupations. Scientific knowledge within Honduras Global ranges from cancer research, architecture,

family business, internationalisation and computer science. Professions represented range from medical doctors, lawyers, consultants to engineers. Further fields of expertise included fashion design, business foundation and leadership, art exhibitions, culinary arts, chocolate making, cigar manufacturing and distribution. Such heterogeneous membership provides a diverse knowledge based. As Appendix shows, knowledge transfer was strongly based on the human capital of members that catered for in topics related to entrepreneurship and international business.

Evidence suggests that a broader membership base may provide a wide variety of information emerging from social networks both in the country of origin and of residence (Brzozowski et al. 2014). For instance, information about legal requirements, exporting experiences as well as latest support policies developed around entrepreneurial support for export can be delivered by several members. In previous works this was mainly performed by academic members (Discua Cruz and Tejada Calvo 2009). In terms of social capital premises, such approach may involve the extended academic community. Yet the evidence provided by HG (Appendix) suggests that when diverse profiles are considered then a broader set of networks may be activated for information. In professions related to international trade or entrepreneurship, members can tap into the knowledge of a broader professional network and their work teams, or business members can provide relevant information procured through other businessmen and their partners in their countries of residence. Such approach influences knowledge transfer from an individual competence to an external structure (university students, business owners, policy makers).

Knowledge transfer in terms of entrepreneurship and international business relates to networking and collaboration among highly skilled Honduran diasporans. Such interaction allows the delivery of specific information that becomes a source of inspiration for beneficiaries (students, local professionals) and diminishes the void of reliable information. In the case of the business and entrepreneurship-oriented members, their activity level inside the country differs from person to person, but most engage in knowledge transfer activities by giving speeches at conferences and through their hands-on business interactions and experiences whilst in Honduras. For instance, as several business members maintain an investment interest in Honduras then links with relevant institutions provides relevant information for future activities (Gillespie et al. 1999). Relationships nurtured in various networks during business founding and development helps provide the latest trends or information in countries of residence (Turkina and Thai 2013) enhancing knowledge transferred.

Since its creation in 2010, Honduras Global members have been able to disseminate knowledge through Honduran media channels. Interviews by Newspapers, TV and Radio programmes allowed a wide diffusion of its creation and the member's expertise in entrepreneurship and international business. Such activities initiated as well the development of social capital notions of trust and norms in terms of specific knowledge on entrepreneurship and international business. In doing so, knowledge transfer between individual competences and external structures can be achieved.

Among the specific events geared for knowledge transfer based on individual competences we can find live talks (leadership, motivational). In these events, members talk about their careers, experiences and/or selected topics in

entrepreneurship and business to students and other professionals (Fig. 1). To date, members of Honduras Global have participated at about 16 events with a reach of more than 2000 participants. Among the topics covered are: “Niche Markets”, “Internationalization”, “Importance of Arts and Culture”, “Central Role of Technology and Science in Economic Development”, “The Value of Innovation”, “Family Enterprises”, “Internationalization of Education towards Intercultural aspects” and “From Failure to Failure to Reach Success”.

In the context of Honduras Global, knowledge transfer based on individual competences addresses that knowledge about entrepreneurship and international business can be enhanced when we consider human capital that is hard to replicate, resides within members but that can be transferred by the socialization that occurs in seminars and events. Individual competence dynamics in Honduras Global suggest that DKNs can engage in knowledge transfer with diasporans with a high skill base of human capital and who would like to move beyond an individual effort and collaborate with others (Riddle and Brinkerhoff 2011).

6.2 Internal Structure and Knowledge Transfer Features

An internal structure in Honduras Global is highlighted by the existence of an administrative team based in Honduras who overseas, based on their skills and expertise, the knowledge transfer activities through appropriate channels (seminars, TV, Radio) reaching a wide variety of stakeholders (e.g. universities or institutions of higher learning and business related organizations such as banks, NGOs). The internal structure knowledge transfer is influenced by the attempt to create an identity as an organization that captures and harness the human capital and relational resources of highly skilled Honduran diasporans for the benefit of Honduras. The aim of the administrative team of Honduras Global is to identify and connect highly skilled Hondurans to promote knowledge transfer, promote innovation and scientific, technological and entrepreneurial development in Honduras. To do so, its central offices in Honduras are now located in the premises of the national university of Honduras facilitating knowledge transfer within the central administrative team. In May 2011, the first version of the website: www.hondurasglobal.org was launched. The website provided details about the project and its members, aiming to reach highly skilled Hondurans overseas as well as to inform external stakeholders of the activities, goals and objectives of the organisation.

The internal structure showcases a formal operational and legal framework which impacts on the knowledge transfer to and from and external structure and individual competences. Honduras Global is comprised of three legal entities: the main one, based in Tegucigalpa, Honduras, is called “Fundación Honduras Global” (FHG), and acts as the flagship organisation for all knowledge transfer activities organised. The second entity “Honduras Global USA” was created in September 2011 by members based in Houston, Texas. It provides an organizing structure for members in the USA under the 501(c)(3) designation and serve as the main point of contact for highly skilled Honduran diasporans in the US. The third legal entity was created in

Brussels, Belgium, in June 2013, under the name “Honduras Global Europa”, as a non-profit association. This organization has become the first point of contact of the Honduran diaspora in Europe. Such internal structure allows any highly skilled Honduran residing overseas to approach a localized entity, thus influencing the knowledge transfer between internal structures and individual competences. Individual members become involved in local and regional activities, and later engage in knowledge transfer through the internal structure in topics related to entrepreneurship and international business.

By setting a diverse membership criterion an ample base of successful Honduran diasporans around the world can be brought together. Social capital premises such as shared goals and ideals to help their country of origin support the collective approach to knowledge transfer. This facilitates coordinating activities around focal areas such as international business or entrepreneurship. Furthermore, evidence suggests that by creating a formal institution, recognised officially by the Honduran government and linked to key local institutions in the scientific, economic, political and social landscape (ANDI, Ministry of Foreign Relations, Universities), it also becomes widely visible to families of diasporans, who can then spread the information about the existence of such an entity and its activities.

Knowledge transfer from internal structures to individual competences and external structures is varied. While each organization that composes Honduras Global (FHG, US and Europe) has its own board of directors and is not legally subordinated to one another, the board of directors of FHG leads the collective effort in terms of in-country strategy and activities. The US and Europe groups provide the support and guidance in terms of members diversity, interests, knowledge, and expertise that is available. FHG is the only entity with an operational team, consisting of an executive director and a projects coordinator, responsible for implementing the agreed actions and ensuring the organization becomes sustainable. It relies on a strong human capital skill based in organizing and deploying activities around knowledge. In doing so, knowledge transfer between the internal structures of US and Europe groups and the external institutional framework in Honduran society is achieved.

Knowledge transfer from an internal to an external structure, geared around entrepreneurship and international business, is evidenced when analysing two specific objectives of Honduras Global: (a) To promote business development and entrepreneurship, as well as the development of science, technology and innovation, with the support of successful Hondurans abroad and (b) To strengthen the national capabilities of human resources through the development of programs and services that promote knowledge transfer through internships, tutoring, summer courses, alliances and agreements, among others. Both objectives emphasize knowledge transfer between internal and external structures through the enhancement of human and social capital. These two objectives serve as a cornerstone of the organization’s identity and founding values as well as a guide for strategy, priorities and actions.

The main knowledge transfer activity from an internal structure to external stakeholders, which depends on individual competences is called the “Semana Academica” (Academic Week), a series of knowledge transfer talks delivered in

4–5 days by Honduras Global members to university students once a year, launched in December 2011. Every year, 40–50 university students with outstanding academic prowess are selected to participate. The co-authors of this study have had the chance to deliver talks around the topics of entrepreneurship and business founding as well as international business models (Fig. 1). Some student participants have built on the insight and engage in entrepreneurial activity based on first-hand knowledge provided by HG members. In January 2017, the sixth academic week was delivered alongside several knowledge transfer conferences for academics and practitioners.

Since 2011, Honduras Global has organized more than 38 activities (workshops, academic weeks, live talks), attended by more than 3800 participants in Honduras. In such approach, the organisation positions itself as a vehicle for knowledge transfer between a society and a network of highly skilled diasporans. In doing so, it exercises expertise and skills in delivering and nurtures relationships with diverse actors in the external structure. Coordinating knowledge transfers between a group of highly skilled diasporans and an external community supports the knowledge based view of the organisation (Grant 1996).

6.3 External Structure and Knowledge Transfer Features

An external structure is comprised by the diverse audiences that the organisation caters for, such as students, business owner/managers, universities and governmental agencies. Knowledge transfer between external authors is highlighted in terms of specific information requests and collaborations devised to bring members of Honduras Global to transfer their knowledge. Knowledge transfer activities based on the interest of external stakeholders is represented by traditional delivery modes such as seminars, workshops or conferences. In terms of entrepreneurship and international business knowledge, external actors provide knowledge based on seminar discussions where knowledge from the country of origin is contrasted with knowledge brought by Honduras Global members from the country of migration. In such exchange, human capital is enhanced and relationships between actors are strengthened.

The knowledge transfer between the external structure and individual competences is encapsulated in one of the key objectives of Honduras Global: To support the rescue of the national identity and improve the image of Honduras overseas. This is to be achieved through the promotion and dissemination of results and benefits achieved by Hondurans at international and national levels through leadership and motivational talks and forums. Since 2015, the Honduran government strengthen relationships with Honduras Global through the celebration of individuals that represent the ideals of Honduran society by awarding a “Marca Pais” label to members that have developed successful business ventures (e.g. Maya Selva, Appendix) thus promoting entrepreneurial engagement in society.

The knowledge transfer between the external structure and internal structure as well as individual competences is achieved through Conferences/Workshops/

Forums (Fig. 1). These activities revolve around seminars presented by members in their specific areas of expertise to selected audiences. To date, Honduras Global has organized 14 events of this kind, with approximately 1200 participants. Among the topics covered were: “Keys to a Good Leadership”, “Ecommerce and Opportunities in New Markets”, “Exporting Digital Products”, “Lean Management”, “Female Entrepreneurship”, “Mathematics in the Twenty-first Century”, “Social Media and its Use by SMEs”, “Activating the Linkage Between the Academia and the Private Sector”. At the time of this study, FHG was in the process of considering the delivery of online seminars and conferences in conjunction with leading universities. Thus, a wide variety of topics were particularly addressing items that would influence knowledge transfer about entrepreneurship and international business from internal to external structures.

To date, Honduras Global has built strong relationships with external structures composed of national newspapers, TV and radio stations. Therefore, most group and individual activities of members are well-covered by the different media. Such approach facilitates and increases the attendance of practitioners and academic participants alike interested in topics such as entrepreneurship and international business. The first knowledge transfer activities (conferences, academic lectures) were organized relying on highly skilled diasporans that were visiting Honduras in 2010 and who could cater for the wide interest of local audiences.

The positive relationships between the external and internal structure is evidenced in the support and resources attained throughout time. Funding to keep an the Honduras Global administrative team office in Honduras, which coordinates knowledge transfer activities with the private and public sector was initially supported by German Cooperation Agencies, donations from a few Honduran benefactors and from several paid-for-events, such as Gala Dinners, academic weeks and workshops. In 2014, Honduras Global recruited the third and current Executive Director who started working on a pro-bono basis. In June 2015, a 2-year mutual cooperation and financial agreement was signed with the Honduran Ministry of Communications and Image which promotes Honduras Global as a representative of the country around the world. Social capital premises suggest that knowledge transfer is supported by the nurturing of relationships between different actors, including the government (Evans 1996; Fukuyama 1995) and the provision of information that can guide future knowledge transfer activities.

7 Conclusion

The evidence presented suggests that, compared to previous studies focusing on a scientific membership based organization (Meyer 2011), a DKN with an heterogeneous membership base can leverage diverse human and social capital to provide a more comprehensive and holistic knowledge base around entrepreneurship and international business. In answering our question, this study finds that a DKN can engage in knowledge transfer around entrepreneurship and international business

through a heterogeneous pool of human capital and the creation and leverage of relationships. This study advances understanding by providing a framework where human and social capital premises explain how knowledge transfer features can be appreciated.

This study expands previous depictions of DKNs by demonstrating that knowledge transfer around entrepreneurship and international business is more complex than originally believed. The way highly skilled diasporans will interact and transfer knowledge may depend not only on their specialized knowledge but in finding social arenas where they can interact with others who have the same goals and objectives to help their countries of origins. DKNs that can harness such human and social capital features engage in knowledge transfer through facilitating coordination and engaging in the creation of relationships for subsequent knowledge delivery. Knowledge transfer may be ineffective if information emanating from discussions between governmental, educational and policy institutions in external structures do not align with the expertise of highly skilled diasporans and the objectives of DKNs. Our current understanding of knowledge transfer, in the context of DKNs, may only provide a partial picture if such perspectives are omitted.

8 Limitations and Further Research

This study has a few caveats, and so, findings must be interpreted with caution. First, this study relied on a single-case study; we acknowledge the advantages and limitations of relying on a single, albeit in-depth and longitudinal, case study (Stake 2008) as well as a participant observation approach (Leitch et al. 2010). Second, the study was conducted around a DKN focusing on one country, Honduras, and therefore it may be difficult to infer similar results of DKNs in other countries. Yet our findings around the nature of knowledge transfer dynamics for development by DKNs may have wider applicability in developing countries. Policy makers in developing economies may take our findings as a message related to support DKNs with a diverse membership base to connect back to society, and especially into the executive bodies. Furthermore, this study has mainly concentrated on the positive aspects that DKNs like Honduras Global can provide, yet further insight into the contextual challenges that such organisations face to promote entrepreneurship and international business knowledge remains scarce (Welter 2011). As contextual dynamics change, future studies may concentrate on the barriers of transferring knowledge by DKNs. Obviously, if DKNs members who possess and can transfer knowledge important are either actively discouraged from participating or censor themselves, none of the benefits suggested above can be realized (Grant 1996). Multiple case studies across DKNs in developing economies may support, challenge or expand the findings in this study. Additional studies around the unique dynamics and challenges that DKNs face when transferring knowledge about specific topics will contribute to our understanding of diaspora knowledge networks.

Appendix

Selection of Honduras Global members focusing on entrepreneurship and international business knowledge. Source: Honduras Global website

<p>Maya Selva</p>	<p>Master of Science in Operational Research. Bachelor’s Degree in Systems Engineering. She is the founder and managing director of “Flor de Selva”, a fully integrated tobacco and premium cigar manufacturer and exporter to Europe and the USA. She has received several quality awards for her cigars in European competitions. More than 20 years ago, she entered into the cigar industry as a way to stay connected with Honduras. Today her operations provide employment to several dozen people in the south-eastern part of Honduras. She has participated in HG Academic Weeks and has given conferences on “New Market Trends” and “Niche Markets”. She is an official ambassador of “Marca Pais”, the Honduran Government’s positive branding campaign.</p>
<p>Maribel Lieberman</p>	<p>Founder and General Manager of MarieBelle New York, a line of fine chocolates that are sold through her own stores in New York, USA, and through franchisees in Kyoto, Japan (www.mariebelle.com) and resellers in Europe. She serves as a role model for self-improvement in Honduras and is also an ambassador of “Marca Pais”. Each time she visits Honduras, she participates in different conferences on entrepreneurship and international business and shares her business success story. Given the rise of cacao production in Honduras, she plans to buy and develop her own cacao farm in the country. She, and Maya Selva, have been considered among the most influential females in Central America.</p>
<p>Carlos Campos</p>	<p>Studied fashion design at the Fashion Institute of Technology in New York. He has won several fashion design awards in the USA. In 2015 he became the first ambassador for Marca Pais. Through the coordination with HG, he became involved in the development of a fashion design curricula at a private Honduran university. In 2008, the Honduran media community named him of the “10 Most Influential Hondurans Abroad”. He recently began to support FEIH, the Foundation for Education in Honduras, a charitable organization committed to providing education to children in impoverished areas of rural Honduras. Each time he travels to Honduras, he is a guest speaker of the local media and in different business and academic events. He has provided seminars for HG in terms of international fashion, fashion markets and fashion branding. He is also working in partnership with one of the largest local clothing manufacturers.</p>
<p>Edwin Hernandez</p>	<p>Ph.D. in Computer Engineering. Master in Computer Engineering. Bachelors of Science in Electronics Engineering. Fulbright Scholar. He has been granted 10 patents in the USA. Worked for Microsoft and Motorola for a few years. He is the founder and owner of Eglá Communications (www.eglacomm.net), a company that has developed a cloud-based platform for media (Cable TV) distribution. He is based in Florida, USA, but he is constantly traveling to Honduras and sharing his technical knowledge with high school and university students arranged by HG. He has participated in several Academic Weeks and Conferences providing information about international science patents and computer science.</p>
<p>Arturo Enamorado</p>	<p>Master in International Commerce. Bachelor’s Degree in Industrial Business Administration. He is the Chief Operating Officer of the ISEAD Business School for North & Central America and the Caribbean. He founded the Honduran Chamber of Commerce USA in Miami, USA, in 2009 (www.haccw.com).</p>

(continued)

	<p>org). In 2012, his organization received a donation of medical equipment worth a USD 2 million that was later delivered to the two largest public hospitals in Tegucigalpa. He has presented at Academic Weeks and other events organized by HG on topics related with international commerce.</p>
Mayra Orellana-Powell	<p>Bachelor of Science, Business Administration and International Business. Marketing and Outreach Director for Royal Coffee, Inc., a green coffee importer located in California since 2013. Owner & Founder of Catracha Coffee Co., a specialty coffee buyer from small producers from the rural community of Santa Elena, where Mayra is from. She is relocating back to Honduras in September 2016 to continue working with coffee producers and other community projects, such as youth conferences and development organizations. She has participated in Academic Weeks and other HG events related with coffee import/export.</p>
Stanley Marrder	<p>Entrepreneur. Founder and owner of Marrder Omnimedia, a company based in Tegucigalpa, which develops software applications for foreign customers; Xybera, a company that produces audiovisual content, and Locsatt, which develops solutions for USA petrochemical companies. His initiatives have earned him international awards, including an Addy from the American Advertising Federation. After HG conducted the first Academic Week, he invited the participants to create an “Intelligence Lab”, an initiative by which the young students could make proposals and submit ideas on how to strengthen the climate of innovation in Honduras. This initiative lasted 2 years and gave the opportunity to university students to engage in research and think “out of the box”. His seminars also provided information of software export development.</p>
Pedro Cerrato	<p>Master in International Business. Bachelor’s Degree in Business Administration. In the year 2011, he launched an internet portal called Wilinku (www.wilinku.com) to promote the best talents, artistic and cultural activities, and touristic places in Central America. He set up a local company in Honduras and hired four interns from a local university for 2 years. In 2012, he traveled more than 2500 km across Honduras to meet local handicrafts manufacturers to assess their readiness to export their products to Germany. Sadly most entrepreneurs he met were not ready to deliver the quality and quantity required by the European market. In mid-2015, he returned to Honduras with a 6-month consulting contract in hand to support the financial and commercial activities of Tegu Toys (www.tegu.com), a magnetic wooden building blocks manufacturer, which produces and exports Honduran-made pieces overseas (USA and Europe). In 2016 he began to organize a group of entrepreneurs to open the first Center for Entrepreneurs in Tegucigalpa in 2017 as part of the Impact Hub network (www.impacthub.net). Among its goals, this center aims to promote further relevant approaches for international entrepreneurship.</p>
Allan Discua Cruz	<p>PhD in Management. Master of Manufacturing, MBA, BS in Industrial and Systems Engineering. He has conducted several researches on Honduran family companies that have shed a better light of this country’s internal business dynamics and improve the country’s visibility in front of academia. Due to his ongoing relationship with private universities in Honduras, he is regularly invited as a guest lecturer and visiting professor in the areas of small and medium sized enterprises, internationalization and family business. He has been invited previously by the Ministry of Industry and Commerce to deliver seminars on international outlooks in European economy and business strategies for women entrepreneurs.</p>

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Marketing and Diaspora Tourism: Visual Online Learning Materials as Tools to Attract the Haitian Diaspora ‘New Generation’



Hugues Séraphin

Abstract This book chapter examines the proposition that the education of the Haitian diaspora ‘new generation’ at a pre-visit stage using Visual Online Learning Materials could be effective in challenging the negative perception of the destination, and ultimately turned this diaspora into potential tourists. From a destination management point of view this chapter offers an alternative to existing promotional material used by the Destination Marketing Organisation (DMO) to improve the general perceptions of the destination. From an academic point of view, this book chapter contributes to academic research in tourism by adding the fact that Gamification can be a very efficient experiential marketing tool to attract (diaspora) tourists if using subtle and implicit marketing elements. Last but not least the chapter highlights the fact that diaspora as tourists is highly beneficial for a destination but could as investors could be damageable for the sustainability of the destination if poorly managed.

1 Introduction

The diaspora represents an interesting financial market for a destination (Hung, Xiao and Yang). Since 2011, the Haitian diaspora is one of the main targets of the Ministry of Tourism and Creative Industries (Séraphin and Paul 2015). This book chapter is going to offer an original segmentation of the Haitian diaspora but also a marketing strategy to encourage this diaspora to spend their holidays (again, or for the first time) in Haiti.

Segmentation as a concept appeared because not all customers have the same needs in terms of products and services. The purpose of segmentation is to cluster those customers and cater for them accordingly (Blythe 2009). The results of this

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research are going to be very useful for the Ministry of Tourism and Creative Industries (MTCI) in terms of promotion and planning but also in terms of resources needed to achieve its objectives (Banasiewicz 2013). From a conceptual point of view this chapter is going to contribute to the meta-literature in the field of international marketing and diaspora tourism. Existing literature about the image formation process of destinations typically refer to media (TV, news paper, etc.) word of mouth, movies, tour operators, promotional video (Alvarez and Campo 2014; Hall 2002; Gartner 1993; Gunn 1972). We are adding to this list: Virtual Online Learning Material (VOLM) and pointing out the limitations of this approach, completing therefore Séraphin et al. (2016a) research.

It is difficult to fit the Haitian diaspora in one of the four categories developed by Blythe (2009), namely: behaviourally, geographic, demographic and psychographic. Blythe (2009) even suggested that segmentation should be constantly reviewed. Therefore, in this chapter we are suggesting an additional category: 'Experience' and more specifically, their tourism experience of their home country. This is a totally new approach and unconventional approach. Here the term 'unconventional' is to be understood as 'convention-breaking'; 'less traditional' and as 'non-conformity' (Norman et al. 2007; Noble 2001). Indeed, current strategies to segment the Haitian diaspora include: when they left the home country; their level of education; their contribution to the home country (Wab 2013); their occupation in the host country; the sector they are working in; reason for resettling back in Haiti (Jadote 2012); destination countries; country they were born; income (Cervantes Gonzalez 2013).

The overall research question of the book chapter is: Can the negative image of Haiti be challenged at pre-visit stage using Visual Online Learning Materials? Our research question will be articulated around two objectives: The first objective of this research is to show that 'tourism experience' is a valid criteria of segmentation. To address this objective, the chapter will be discussing the Haitian diaspora and its key features (different waves of immigration; destination countries; number of Haitians living abroad; experience with the tourism sector of their home country; etc). As for the tourism sector, it is especially vulnerable to exogenous factors like political instability, economic crisis, natural disasters and the outbreak of diseases (Ritchie et al. 2004). Those factors can cause destinations to decline and sometimes even totally disappear from the tourism map (Seddighi et al. 2001). In this respect tourism is a problematic industry (Korstanje and Tarlow 2012). This is the case of the Haitian tourism industry. Subsequently, some destinations have adopted strategies to mitigate their problematic status (Korstanje 2009; Alvarez and Campo 2014; Tarlow 2014). Because explicit and aggressive marketing strategies have proven to be ineffective suffering from legacy of political instability (Seddighi et al. 2001; Alvarez and Campo 2014), we have opted in this chapter for a more subtle strategy: The education of the tourists going to Haiti. There has been a limited effort to educate tourists (Séraphin 2013; Ballengee-Morris 2002; Orams 1996), and that is another focus of this study. Existing research on tourists' education

focuses on the visit itself, but generally neglects the pre-visit stage. The second objective of this book chapter is therefore to provide evidence that educating the general public at a pre-visit stage about Haiti can increase visitors and consequently contribute to vital economic development. At this stage of our reflection, it is important to explain that the 'pre-visit stage' refer to the stage (before the actual holidays to the destination) when the knowledge and image that potential visitors have of the destination is conveyed by the media. As opinion drivers, journalists influence the general public representation of a place (Daghmi 2010). Because, the smaller the destination is, the more likely its image is going to be based on its political situation (Gartner 1993), hence the negative image of Haiti.

Based on the above, our research can be considered as a continuation of Alvarez and Campo's research (2014) on the impacts of political conflicts on a country's image and prospective tourists' intentions to visit. This paper could also be considered as a continuation of the work of Walters and Mair (2012) who not only argued that there is limited literature in the area of post-disaster destinations, but who also emphasised the importance of further research in the field of post-disaster messages communicated via broadcast media, internet, social networking sites. Last but not least, this paper could be said to be continuity of the author own research as he clearly explained that Haiti as a tourist destination is victim of a 'blind spot', that is to say gap between its negative image and the reality (S raphin et al. 2016b). The author also indicated that this 'blind spot' could be erased by educating tourists at pre-visit stage using Visual Online Materials (S raphin et al. 2016a).

In this vein, we are going to address the following questions:

- (a) How to segment the Haitian Diaspora?
- (b) How to educate the Haitian diaspora second and third generation ('diaspora second generation or '2G' and diaspora third generation or '3G') in order to challenge the negative image they have of Haiti using a Visual Online Learning Material (VOLM)?

The results of this book chapter can present some limitations as S raphin et al. (2016a), theory on the potential of VOLM has not been tested empirically. The focus of this book chapter is on Haiti, its diaspora and the online game *HaitiJeConnais* (<http://haitijeconnais.com/#login#>) but the findings may have a wider applicability for destinations with a similar profile. Case studies has become increasingly associated with in-depth exploration of a particular context (...) they offer fresh insight and ideas about a topic (...) there is no reason why case studies should not be used to test a hypothesis (Hammond and Wellington 2013: 17–18). Woodside and Baxter (2013) in their quest to achieving accuracy and therefore the possibility to generalise results, pointed out that Case Study Research (CSR) is a tool helping to achieving excellence in the quality of results. This case study is going to compile and analyse recent research on tourism development in Haiti as well as research on Haitian diaspora.

2 In and Out of Haiti

2.1 *Haiti and Its Tourism Industry*

Haiti was the most popular tourist destination in the Caribbean between the 1940s and the 1960s and, as such, attracted the international jet set. In 1957, the dictatorship and the atmosphere of terror organised by Francois Duvalier crippled the country's tourism industry (Thomson 2004). The key issue in Haiti's development relies on the fact that Haiti has not been led so far by presidents with a genuine interest for the development of the country (Séraphin 2014a). Wagner (2015: 258) argues that Haiti became the first independent black republic in 1804, and since then endures 'long periods of political instability, increasing socioeconomic inequality, a nearly 20-year occupation by US Marines, a nearly 30-year dictatorship, several coups and military juntas, and an unremitting series of foreign military, political, economic, religious, and humanitarian interventions (...) Haiti and its people have struggled for stability, sovereignty and democracy'.

On January 12, 2010, an earthquake shook Haiti to its foundations and further damaged the tourism industry as most of the infrastructures and facilities of the sector were destroyed. Investments from the Haitian diaspora enabled the hospitality sector to begin to recover from the earthquake (Séraphin and Paul 2015). However, because of its image of an unsafe destination (Higate and Henry 2009) it has been very difficult for Haiti to attract visitors (Séraphin 2014a). As a first step, the Haitian Destination Marketing Organisation (DMO) took an initiative towards rebranding the country with a new international logo and slogan that Séraphin et al. (2016c) deemed to be less effective (than the previous logo) as not telling the narrative of the destination.

In today's global economy, Haiti's main competitive advantages have been its abundance of low-wage, unskilled workers and its proximity to the USA. Haiti can therefore be classified as a weak State: its structures lack political will and/or the capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of its population. The weak governance and absence of accountability has facilitated the creation of parallel economies and patterns of patronage and corruption (Gauthier and Moita 2010). Table 1 summarises the key issues affecting Haiti and its tourism sector. These have a serious impact on the image of the destination.

The image people have of Haiti is mainly generated by autonomous agents (the image developed by the media) hence the 'blind spots' that Séraphin et al. (2016b) define as the gap between the negative image of the destination and the reality (Fig. 1).

Table 1 Major issues within the tourism sector in Haiti

Author(s)	Year	Theme	Summary
Théodat	2004	Quality of the products and services	Haiti is still an amateur when it comes to tourism
Themil	2004	Rejection of tourism	The locals do not perceive tourism as a 'godsend' for the country
Doré	2010	Training and courses in Tourism	There is a lack of quality training in the tourism and hospitality sector in Haiti
Séraphin	2013a	History of slavery and customer service	Customer service is also a major issue as a result of the slave trade, which is ultimately attributable to low levels of trust
Séraphin, Butler and Gowreesunkar	2013	Entrepreneurship and tourism	The lack of funding has constraining impacts on the development of social enterprise and enterprise in general
Thomson	2014	Poor quality products and services and limited positive impacts on the tourism industry	All the sectors of the tourism sector need to be improved. The locals are not really benefitting from the industry

Source: The author

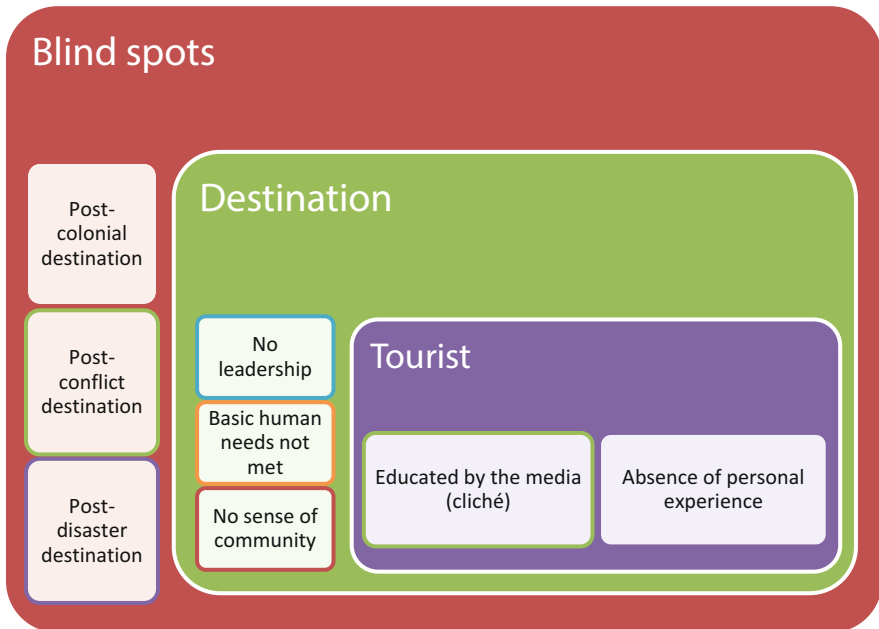


Fig. 1 Destinations' blind spots. Source: The author

2.2 *The Haitian diaspora*

In general, the diaspora is defined as a geographic dispersion of people belonging to the same community (Bordes-Benayoun 2002). This group used to be considered as a ‘brain drain’ but now they are considered as a ‘brain gain’ (Groot and Gibbons 2007). As a segment, the diaspora is a significant contributor to the economies and societies of countries in the region through remittances, investments, and importantly as sources of innovation and entrepreneurship (Minto-Coy 2009, 2011). As a region, the Caribbean has been said to have been more profoundly influenced by migration than any other region in the world with the very make-up of racial and ethnic groups, the structure of society and the legacies thereafter being the result of migratory (forced or voluntary) flux related to e.g. the slave and sugar trades, colonialism, the formation of plantation societies (Minto-Coy 2009) for a fuller discussion of these themes. More recent migration has seen mainly a movement of people out of the region leading to creation of a significant population, vis-a-vis the home population of many countries in the region. In Haiti, they contribute to a large extent to the GDP; to Foreign Direct Investment (FDI); to knowledge transfer; philanthropy; and tourism and cultural change (De Haan 2000; Meyer and Brown 1999). Minto-Coy and Séraphin (2017) also pointed out that this diaspora is a source of knowledge and innovation that can contribute to the territorial development of their home country. This diaspora is very important for the MTCI as tourists but also as investors. As a matter of fact, some of the most recent noticeable investment in the hospitality and catering sector are from the diaspora (Séraphin 2014b). In a nutshell, the key features of the Haitian diaspora are as follows (Table 2).

A few other key data to complete this overview of the Haitian diaspora (Table 2; Figs. 2 and 3):

Table 2 Key features of the Haitian diaspora

Features of the Haitian diaspora	Sources
Strong link kept with the home country	Paul (2008)
Organisation of communities in the different countries they are settled in	Dufoix (2003)
Strong link among the members of the community	Laëthier (2007)
Very proud to be ‘Haitian’	Pizzorno (1990)
Involved in the life of their new home and home country	Audebert (2006)
Contribute greatly to the GDP of the home country	Dandin (2012), Orozco (2006)
Brain gain	Paul and Michel (2013), Barré et al. (2003)
Highly qualified group. Most of them are in the USA	Wab (2013)
Second generation less interested in Haiti than their parents	Melyon-Reinette (2009, 2010)
Contribute to the territorial and economic intelligence of the home country	Minto-Coy and Séraphin (2017)

Source: The author

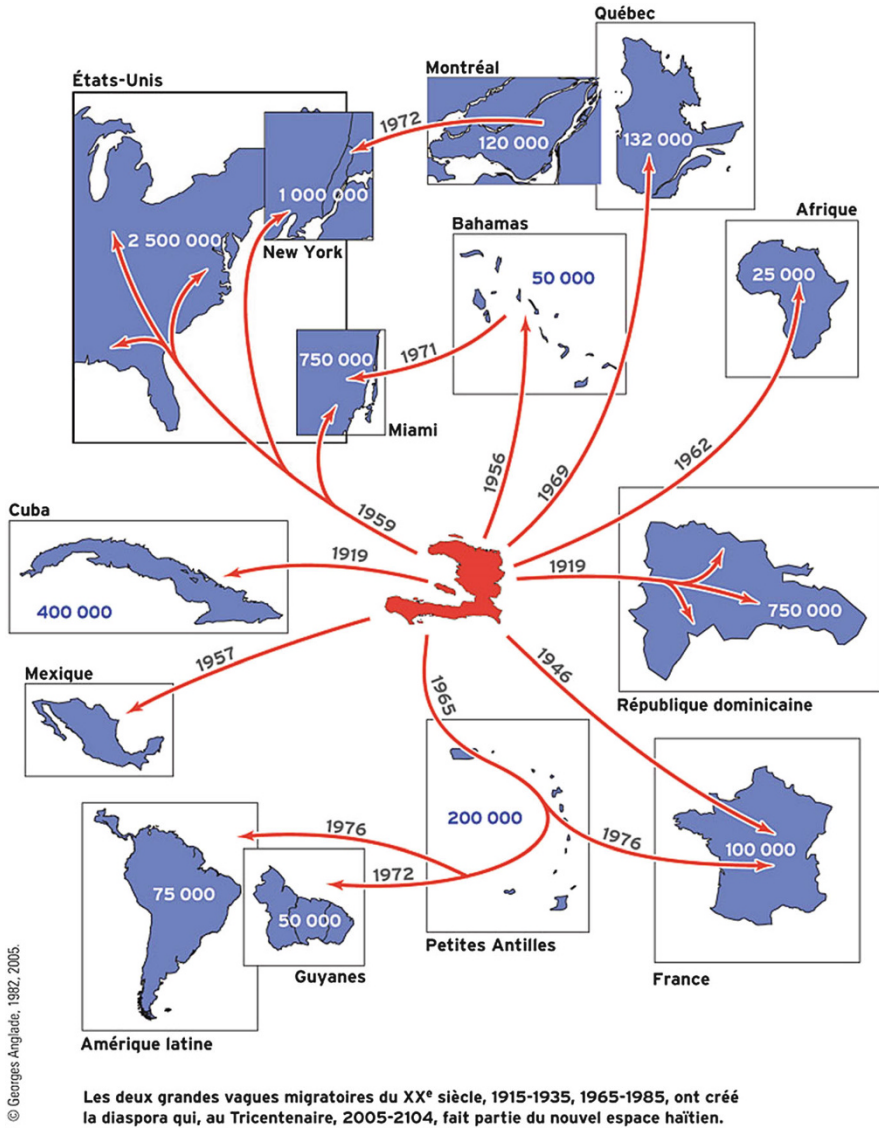


Fig. 2 The different Haitians' migration waves

As Table 3 shows, the USA and the Dominican Republic are by far the main destinations for the Haitian diaspora.

As Fig. 2 indicates, the Haitian immigration is not a new phenomenon. It started for political reasons then turned into political and economic reasons (Paul 2008).

The Haitian diaspora contributes extensively to the GDP of Haiti via money transfer.

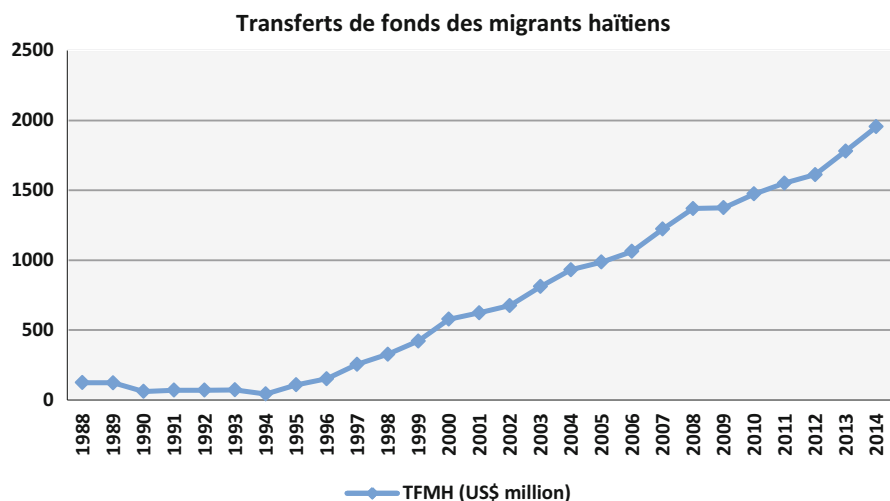


Fig. 3 Money transfer by the Haitian diaspora. Source: Banque Mondiale, Migration and Remittances Factbook 2011 (October, 2014), http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1288990760745/RemittanceData_Inflows_Oct2014.xls

Table 3 Number of Haitian migrants by destination country (2010)

Number of individuals and percentages					
Haitian destination	Number of Haitian migrants	Structure (%)	Destination countries	Number of Haitian migrants	Structure (%)
1. United States	587,149	54.15	12. Suriname	869	0.08
2. Dominican Republic	311,969	28.77	13. Spain	769	0.07
3. Canada	73,753	6.80	14. Germany	645	0.06
4. France	42,103	3.88	15. Mexico	500	0.05
5. Bahamas	19,051	1.76	16. Italy	278	0.03
6. Netherlands Antilles	3757	0.35	17. United Kingdom	217	0.02
7. Belgium	1921	0.18	18. Denmark	177	0.02
8. Venezuela	1509	0.14	19. Sweden	138	0.01
9. Switzerland	1257	0.12	20. Greece	131	0.01
10. The Netherlands	1087	0.10	Other countries	36,027	3.32
11. Cuba	909	0.08	Total	1,084,216	100.00

Sources: American Community Survey 2010 for us data; ix Censo Nacional de Población y Vivienda 2010-República Dominicana for the Dominican Republic, and from the World Bank for the remaining countries

2.3 *A Tourism Experience Based Segmentation of the Haitian Diaspora*

S raphin (2014a) identified four stages in the evolution of tourism in Haiti:

- (a) The first stage started in the eighteenth century. A very limited number of people used to visit Haiti. They were mainly attracted by the natural assets of the country.
- (b) The second stage (1940s–1980s)—Haiti becomes a very popular destination in the Caribbean. However, it is important to mention the fact that in the 1960s the number of visitors decreased drastically due to the insecure environment that emerged following the election of Jean-Francois Duvalier (1957–1971).
- (c) The 3rd stage (1980–2010)—Haiti is no longer considered as a tourist destination. Due to political instability the country becomes one of the least visited of the Caribbean.
- (d) The final stage (from 2011)—In 2011, Stephanie Balmir-Villedrouin is appointed Ministry of Tourism. Two years after her appointment, the Minister of Tourism managed to put Haiti back on the international map of tourist destinations.

As far as Haitian migration is considered, three main stages can be identified:

- (a) The first wave (1915–1935) was before tourism was considered as a source of income for the economic development of the country. The first body in charge of tourism, namely the *Office National du Tourisme*, was created in 1939 (S raphin 2014b). The generation who left Haiti during this period is not familiar with the tourism industry in their home country.
- (b) The second wave (1965–1986) has one foot in Jean-Francois Duvalier’s administration (1957–1971) and one foot in Jean-Claude Duvalier’s administration (1972–1986). During this second wave of migration, the number of visitors in Haiti was way above the Dominican Republic that was still focused on the sugar industry. But later, the political instability casted out Haiti from the world tourism map (S raphin 2010). The Haitians who left Haiti during this period (1965–1986), have a mixed experience of the tourism sector in their home country.
- (c) The last wave of migration (2005–2014) was still embedded in a context of political instability. With the election of President Martelly the political situation changed as mentioned earlier. The Haitians who left Haiti during this period also had a mixed experience of the tourism sector in Haiti.

Table 4 crosses the stages of the tourism industry in Haiti with the various migration waves in order to provide an original segmentation of the Haitian diaspora.

It is important to highlight the fact that this segmentation only takes into account Haitians born and bred in Haiti (domestic tourism). The diaspora visiting their home country was not taken into account (inbound tourism). The fact that one dimension (inbound tourism) is missing, constitute the second limitation of our research.

Table 4 Experience and generation based segmentation of the Haitian diaspora

Stages of tourism in Haiti	Haitians migration waves	Segmentation of the Haitian diaspora
Eighteenth century		Pre-tourism generation
	1915–1935	
1940–1960		Golden tourism generation
1960–2011	1965–1985	Deprived tourism generation
2011	2005–2014	Rejuvenated tourism generation

Source: The author

3 Education of the Haitian Diaspora 2G and 3G as a Experiential Marketing Marketing Strategy at Pre-visit Stage

3.1 Why Targeting the Haitian Diaspora?

A SWOT analysis (Table 5) of the Haitian diaspora as tourists (based on Minto-Coy and Séraphin 2017; Séraphin 2014b; Wab 2013; Jadote 2012; Newland and Taylor 2010) gives the following results.

Table 5 shows that the diaspora is a real asset for the tourism sector in Haiti. There are more ‘Strengths’ and ‘Opportunities’ than ‘Weaknesses’ and ‘Threats’. A comparative approach with non-diaspora tourists shows that the latest is less beneficial for the country (Table 6).

3.2 An Innovative Marketing Approach

Whilst research aiming to provide solution to improve the performance of post-colonial, post-conflict and post-disaster destinations (PCCD Destinations) focus on the destination (Avraham 2015; Alvarez and Campo 2014; Walters and Mair 2012; Vitic and Ringer 2008), this book chapter is interested in exploring solutions focused on the tourist at pre-visit stage. The pre-visit stage is an important phase of information processing and is shaped by personal knowledge and other third party information (Hubner and Gossling 2012). Based on pre-visit information, it is very important to make people knowledgeable about the place through exposure to truthful information that can counter the exaggeration of risk and other negative preconceptions reinforced within the tourists’ culture. As a result, in this book chapter, we understand education as an opportunity to familiarise the Haitian 2G and 3G with their literature, history, geography, culture, local sayings, current affairs, etc). Walters and Mair (2012: 87) put it succinctly: Communication with the tourism market and the tourist ‘is essential for Destination Marketing Organisation seeking to manage the misperceptions and media-imposed attitudes held by potential visitors’. The research starts from the dual premise that the country’s image

Table 5 SWOT analysis of the Haitian diaspora

Strengths	Weaknesses
<ul style="list-style-type: none"> • Stay in local hotels • Eat in local restaurants and buy products directly from local producers • Decentralise tourism from Port-au-Prince to other areas of the country as diaspora like going back to their local towns • Use the same infrastructures as the locals • Can be used to test existing products and services 	<ul style="list-style-type: none"> • The diaspora reinforces the American culture and image in their home country
Opportunities	Threats
<ul style="list-style-type: none"> • Strong interest for their culture and artefacts from their home country • Strong connection with the members of their families who stayed home • Part of associations • Experience and innovation 	<ul style="list-style-type: none"> • Elite attitude ('elephant sitting on Haiti')

Source: Minto-Coy and Séraphin (2017), Séraphin (2014b), Wab (2013), Jadote (2012), Newland and Taylor (2010), Gauthier and Moita (2010)

Table 6 Comparative approach diaspora vs non-diaspora tourists

Diaspora as tourists	Non-diaspora tourists
<ul style="list-style-type: none"> • Stay in local hotels • Eat in local restaurants and buy products directly from local producers 	<ul style="list-style-type: none"> • Stay in international chain of hotels
<ul style="list-style-type: none"> • Decentralise tourism from Port-au-Prince to other areas of the country as diaspora like going back to their local towns 	<ul style="list-style-type: none"> • Only visit well known tourist sites
<ul style="list-style-type: none"> • Use the same infrastructures as the locals 	<ul style="list-style-type: none"> • Heavy investments are sometimes required to meet their needs

Source: Séraphin (2014b), Wab (2013), Jadote (2012), Newland and Taylor (2010)

is defined by 'The impression that a person or persons hold about a country in which they do not reside' (O'Sullivan 1996, cited in Seddighi et al. 2001), and that this impression is formed significantly through an individual's affective disposition rather than simply through a cognitive one (Alvarez and Campo 2014). The approach is to make visitors more knowledgeable through appeals to their affective impulses (feelings and emotions), meaning that the strategy will have to be tailored towards this (Seddighi et al. 2001). Logically, the education of potential tourists of post-colonial, post-conflict and post-disaster destinations could challenge media reinforced clichés and false preconceptions, and promote a more clear eyed and positive view. Education can contribute to turn potential tourists into actual tourists, and enhance the experience of the tourists too (Séraphin et al. 2016a). Whilst tourism education is generally seen only from the students', academics', practitioners' and employers' angle (Dale and Robinson 2001), this article considers it as a pre-visit marketing tool, explicitly countering false or exaggerated negative notions relating to colonialism, disasters and conflicts of the past (both distant and recent). When



Fig. 4 Outcomes of VOLM. Source: The author

people have a better knowledge of the true nature of a destination (history, tradition, context, etc), they are more likely to visit it because they will be less open to distortions, exaggerations and unbalanced accounts Gossling et al. (2012). In 1994, National Advisory Council for England and Training Target UK (NACETT) identified the role played by training and education in the performance of a nation. Hence generally lifelong learning is related to employee skills and economic efficiency for providers. However, ever since Krippendorf's (1987) call for tourists to be educated about the destinations they visited in order to create a more ethical tourism, advocates of ethical tourism have argued that this is a moral goal for the industry. Such an approach to lifelong learning entails a new, open and innovative attitude toward education in tourism at the pre-visit stage. Thus, the following sections are going to discuss at a conceptual level the potential impact of technology (VOLM) on the diaspora (2G and 3G tourists' behavior) and non diaspora tourist behavior (Fig. 4).

3.3 *Online Education of the Tourists*

ITs play a role in all stages of the tourist experience (Neuhofer and Buhalis 2012). That said, it is also very important to emphasise on the fact that ITs can also be used as a learning tool to disseminate knowledge to staff (Liburd and Hjalager 2010) and subsequently improve the businesses' performance (Collins et al. 2003); enhance learning motivation (Klein, Noe and Wang 2006 cited in Behnke 2013) and stimulate participation and interest (Law 2013). Based on the above information, our hypothesis is that online/virtual tool can be used as a tool to educate tourists about

PCCD destinations at pre-visit stage and then motivate them to visit these destinations. In the same line of thought, Dale and Robinson's (2001) three domains model of tourism education argue that in order for a tourism education programme to meet the need of the industry and stakeholders involved, it needs to: (a) develop interdisciplinary skills for a broad understanding of the industry; (b) provide expertise in a specific area in terms of skills; (c) explore some niche markets. Anderson 2001 (cited in Walters and Mair 2012), explains that the art of convincing a target audience relies on three elements: (a) an 'ethos' element based on the credibility and trustworthiness of the source of the message; (b) a 'pathos' element is linked with the emotional appeal of the message and finally, (c) a 'logos' element referring to the capacity of the message to inform.

3.4 'Haiti Je Connais' and Gamification

The term 'Gamification' is quite recent as it appears in 2008 and is defined as 'the use of game design elements and game thinking in a non-gaming context' (Deterding et al. 2011 cited in Xu et al. 2015: 525). Gamification has many benefits: Improve loyalty; change of consumer behaviour; encourage customer engagement; enhance experience; improve engagement; provoke motivation; increase brand awareness. To this list, Capatina and Bleoju (2015) add that Gamification contributes to educate the players through their engagement and more importantly, contribute to enhance their Collective Intelligence, in other words, their capacity 'to engage in intellectual cooperation in order to create, innovate and invent' (Levy 1997 cited in Capatina and Bleoju 2015: 294). In education, Gamification is gaining in popularity (Jiménez Peláez et al. 2014). Based on the above, Gamification could be used to educate the Haitian diaspora (and non-diaspora tourists) about Haiti and subsequently remove all the negative cliché about the destination and motivate them to visit the country. In this chapter Gamification is to be approached from organic agents (that are acquired through personal experience and are normally the most trusted source of information) perspective. This approach is powerful because it can quickly alter a tourist's image of a destination (Gartner 1993).

The pan-Haitian App *Haiti Je Connais* (<http://haitijeconnais.com#login#>) is managed by the Haitian charity *Evolution d' Haiti* (<http://haitijeconnais.org/>). This charity is aiming to turn around the negative image of Haiti and raise awareness of the assets of the destination. As Minto-Coy and Séraphin (2017) argued, the Haitian diaspora is rather innovative and subsequently can contribute to the development of their home country. *Haiti Je Connais* is first of all an online quiz about Haiti. The questions covered include a variety of areas: Literature, cinema, sport, geography, current affairs, culture, tourism, local sayings). This online application proposed is effectively an interactive, fun and affecting repository of knowledge about Haiti. It encourages access to factual knowledge and informed, affective reflection about the country. It is not directly 'selling' Haiti *per se*, but following our analysis, may be all the more effective for that in promoting it as a prospective destination. This is an

example of what Rowley (2000) sees as knowledge management that is not neutral, but in pursuit of a specific objective (Davenport 1998, cited in Rowley 2000), the objective being improving the image of Haiti and encouraging people (diaspora and non-diaspora tourists) to visit the destination. Gamification presented like a quiz can therefore be considered as a form of experiential marketing tool enabling the player to develop his image of Haiti based on what he knows about the destination instead of the message spread from the media (Oberhofer et al. 2014).

3.5 The Limitations of This Strategy

This strategy which aims to use VOLM to change tourists (diaspora and non-diaspora) on Haiti is interesting as it offers an alternative to existing promotional material aiming to improve the general perceptions of Haiti and other PCCD destinations, as there is little evidence at the moment that existing strategies are effective (Séraphin et al. 2016a; Walters and Mair 2012). However, the danger of the destination loss of authenticity is looming. Indeed, Séraphin (2014a) explained that Haiti is still a very authentic destination because the tourism businesses are mainly owned and managed by Haitians. However, he also warned that this authenticity would gradually fade away if the industry happened to move from the hands of the locals to those of the diaspora and non-Haitians. As a result, the Haitian diaspora as actor of the tourism industry could potentially be an issue travellers are now looking for authenticity (Xie and Wall 2003 in Park 2014). The first hotel with an international standard which opened in Haiti, Hotel Oasis, opened in 2012, is owned by an Haitian from the diaspora (Séraphin and Paul 2015). Other hotels with international standards and owned by Haitians from the diaspora followed (Séraphin and Paul 2015: 7): La Lorraine (2012); Best Western (2013); Villa Nicole (2013); Hotel La Source (2013); Monte Cristo (2014); Colin Hotel (2014), etc. ‘Authenticity’ is regarded as the most important criterion for the development of heritage tourism’ (Xie and Wall 2003 in Park 2014: 62). This also raised the question of sustainable tourism. The tourism industry has been highlighted as an industry that can positively contribute to the economic and social development of a destination (Buckley 2012). However this industry can also negatively impact on a destination if poorly managed (Mazanec et al. 2007 cited in Iniesta-Bonillo et al. 2016). To some extent, the encouragement of the Haitian diaspora to invest in the tourism industry of their home country could be considered as an example of poor management if a strict qualitative and quantitative control is not operated in terms of type of tourism business and number of investments from the diaspora. If so far we considered the limitations of our research from the angle of Haitian diaspora as investors, there are also limitations from the angle of diaspora as tourists. Séraphin (2016) indicated that the diaspora is not that different from others tourists (non-diaspora) on the basis that to be convinced they need to be provided evidence that (1) evidence that the service provided is good (2) information about events and sites to visits and finally (3) evidence of endorsements by opinion leaders who have already experienced the destination.

However, Michel (2009) claims tourism can fully benefit a destination, only if the locals are fully involved in the planning and development of the industry and benefit from it. Despite these limitations, Table 6 provides evidence that from a sustainable point of view that diaspora tourists are more profitable for the destination than non-diaspora tourists.

4 Conclusion

Segmenting the diaspora using ‘experience’ was all the more relevant in this book chapter as we used an experiential marketing tool, namely the online game *HaitijeConnais* to theoretical test the hypothesis that VOLM could change the way the Haitian diaspora 2G and 3G perceive their home country and would subsequently turned them into potential tourists for the destinations. Whilst this segment appears to be the more beneficial one for the destination, marketers from the Haitian DMO need to meet their needs in terms of quality of services and activities. That said, as investors in the tourism industry, the role of the diaspora is more questionable from a sustainable point of view as their involvement can impact negatively on the authenticity of the destination. As for the App, whilst the existing App has merit, the analysis presented in Sect. 3.3 suggests that it could better meet the goal of promoting tourism in Haiti if it:

1. Adopts an interactive, multimedia approach (sound, images and videos about the destination);
2. Provides a clear and detailed mission statement (with a message for Haitians, diaspora, existing visitors, potential visitors);
3. Displays endorsements (by opinion leaders/travel writers)

Future research could be about testing empirically the capacity of VOLM to actually change tourist perception on a particular destination.

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Part VI
Governance of Diaspora Resources
and Policy-Making

The Philippines Experience in Managing Diaspora Resources: Policies and Initiatives in Facilitating Diaspora Engagement



Imelda M. Nicolas and Joanna Lyn S. Rodriguez

Abstract The number of international migrants has continued to grow rapidly reaching 244 million in 2015 (United Nations, Department of Economic and Social Affairs, Population Division. Trends in international migrant stock: the 2015 revision, 2015). The rise in the number of international migrants reflects the increasing importance of international migration, which has become an integral part of our economies and societies. With appropriate policies and effective strategies, migration can contribute to inclusive and sustainable economic growth and development in both home and host communities. Continuously emerging as among the top countries of the world with the largest and fastest growing population of international migrants, the Philippines, based on recent stock estimates, has a total 10.2 million overseas Filipinos dispersed in different parts of the globe. Arguably, within the developing world, there is no other country more strategically positioned than the Philippines to reap the development benefits of international migration. Nearly tenth of the country's population works or lives abroad and possesses various skills and resources which are potential driving force for the country's development.

This chapter presents the Philippines experiences, challenges and lessons learned in managing diaspora resources. In particular, this chapter discusses a number of policies and initiatives that the Philippines has developed and undertaken at all levels and among various stakeholders with the view of harnessing the development potential of migration and to promote and facilitate overseas Filipinos engagement.

1 Introduction

In a world that has become increasingly globalized, the number of people who have the desire and the capacity to move to other places other than their country of origin has tremendously increased. The UN dataset, *Trends in International Migrant Stock: The 2015 Revision*, shows that the number of international migrants has grown faster

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than the world's population. As a result, the share of migrants in the global population reached 3.3% in 2015, up from 2.8% in 2000.

The last quarter of the twentieth century is a theatre of transformation in Philippine society in which the participation of Filipinos in global migration comprises an important and ongoing narrative (Battistella and Asis 2013). Historical accounts document Filipino migration as early as the sixteenth century. Over the last decades, the Philippines has consistently remained one of the top ten emigration countries in the world and continues to emerge as the fastest growing population of international migrants (World Bank 2016). Data from the latest Stock Estimates of Overseas Filipinos compiled by the Commission on Filipinos Overseas (CFO), show that as of December 2013, there are almost 10.2 million Filipinos working or residing beyond Philippine borders. The permanent migrants or immigrants and naturalized citizens comprise the largest category of overseas Filipinos at 48% or 4.9 million, followed by temporary migrants or overseas Filipino workers (OFWs) at 40% or 4.2 million, and the irregular migrants at 13% or 1.2 million.

Now, Filipinos are dispersed in more than 200 countries and territories worldwide and significantly form part of the labour work force of highly developed countries such United State of America, Canada, Italy, United Kingdom, Saudi Arabia, United Arab Emirates, Hong Kong, Singapore, and Australia.

As this era of unprecedented human mobility continues to evolve, diverse opportunities and challenges have been realized. This requires the international community to become more pro-active towards harnessing the development potential of international migration while at the same time reducing its significant cost.

The international migration from the Philippines has been characterized with its massive scale, broad geographical spread, diverse profile and varied migrants' experiences overseas. This complexity necessitates a re-thinking and re-imagining of the Philippine government's approach to addressing the vulnerabilities of migrants and their families and maximizing migration's positive impact at the individual, family, community, sub-national and national levels. This process demands a more deliberate and systematic engagement with the Filipino diaspora.

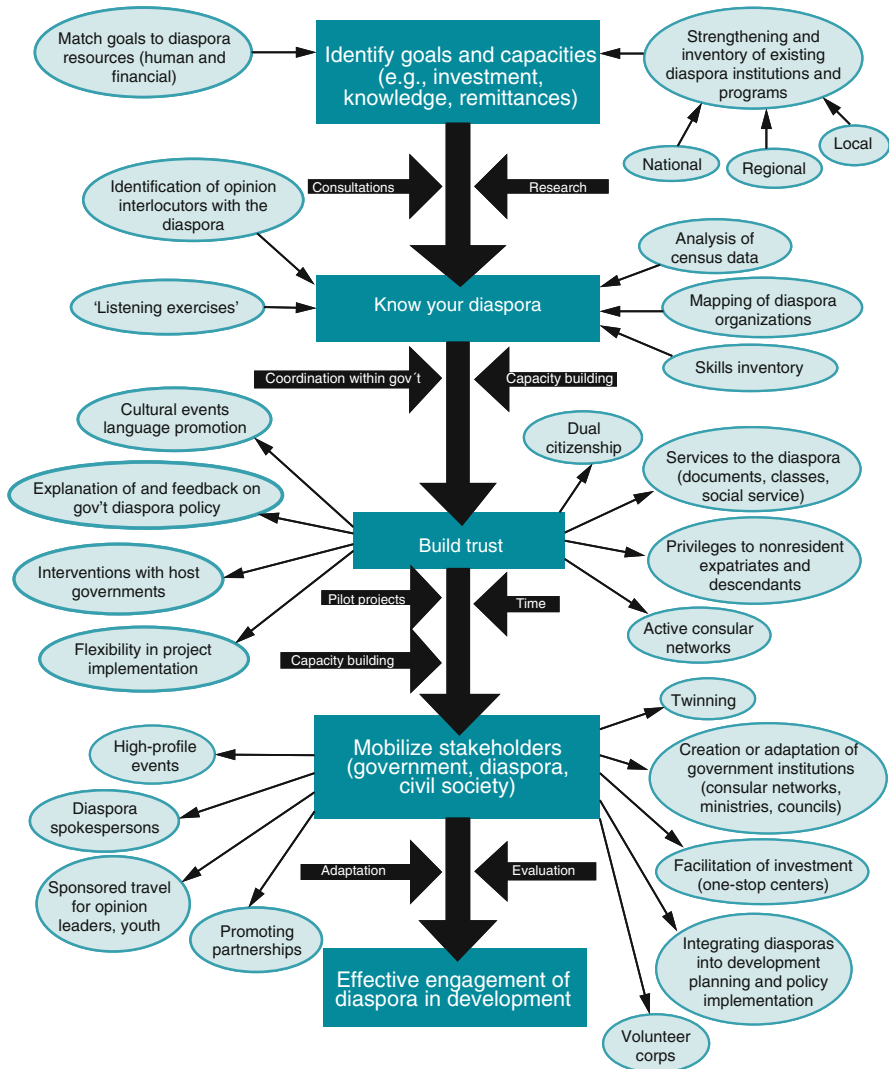
This chapter presents the Philippines' experiences and lessons learned in harnessing diaspora resources towards development. In particular, this chapter is guided by the following questions: what is the role of the Filipino diaspora in the development of the Philippines; what are the various forms of Filipino diaspora resources that are significant in the country's development; and what are the policies and initiatives that the Philippines has developed and has undertaken to encourage and facilitate overseas Filipinos engagement?

2 Conceptual Framework

With the growing recognition of diaspora contribution to development (Minto-Coy 2009, 2016a; Minto-Coy and Seraphin 2017; Brinkerhoff 2009, 2016; Gillespie et al. 1999; Elo and Riddle 2016; Riddle 2008), the number of policies and programs geared to harness their development potentials has remarkably increased. The

International Organization for Migration (IOM) and Migration Policy Institute (MPI) *Developing a Road Map for Engaging Diasporas in Development: A Handbook for Policymakers and Practitioners in Home and Host Countries* offers a framework toward strategic and sustainable engagement to help policymakers and practitioners fit the many elements of diaspora policy into coherent strategy (Agunias and Newland 2012).

A Roadmap for Diaspora Engagement



Source: Agunias and Newland (2012, 24)

The said roadmap suggests that a government strategy for diaspora engagement involves identifying goals, mapping diaspora geography and skills, creating relationships of trust between diaspora and governments of both origin and destination countries, and, ultimately, mobilizing diaspora to contribute to sustainable development (Agunias and Newland 2012).

To facilitate stronger diaspora involvement in development, a government's first step is to identify its own goals and define the tools and mechanisms required in undertaking this pursuit. Subsequently, this enables governments to ascertain their own capacities toward reaching their goals, which capacities resided within the targeted diaspora, and which must be created or sought from other stakeholders (Agunias and Newland 2012).

With clear goals articulated, the next crucial step for a government is to understand the diaspora that it hopes to engage. This involves comprehensive data collection, mapping the diaspora; compiling inventories of diaspora skills and experience, and engaging the diaspora members in dialogues to understand what diaspora to offer, what it is willing to offer, and what it expects from the government in turn (Agunias and Newland 2012).

A strong foundation of good communication and mutual trust contribute to the success of building partnership between governments and diaspora. Partnership is a two-way street. All parties must feel that they are deriving value from the relationship. For the country of origin governments, building trust with diaspora populations may also involve creating a welcoming environment for diaspora engagement in development activities. This would include efforts to improve the business climate, such as greater transparency in regulations and licensing requirements and more consistent application of property law. Other elements of good governance and rule of law are also important in attracting diaspora engagement. Countries of destination, collectively or individually, can support such efforts (Agunias and Newland 2012).

With trust established between governments and its respective diaspora, the characteristics of diaspora well understood, and the objectives of diaspora engagement clearly articulated, partnerships for development involving diaspora can be more successfully mobilized. This may require creation of new government institutions or the revitalization of existing ones, integrating diasporas into development planning, facilitation of investment and philanthropic funds (one-stop centers), organizing dialogues and events with diaspora and establishing links between diasporas and local government, among others (Agunias and Newland 2012).

3 Methodology

This chapter draws heavily on information and data collated from the Commission on Filipinos Overseas (CFO). The chapter also benefited from a review of literature, policy and programs of the Government of the Philippines, in particular the CFO. Secondary data from project monitoring reports implemented by the CFO were also

used as well as key informant interviews with the coordinators of these said projects.

4 Presentation and Discussion of Case

The term “diaspora” itself has evolved over the years especially after gaining attention from economists, researchers and experts on migration.¹ IOM defines diaspora as “people or ethnic population that leave their traditional ethnic homelands, being dispersed throughout other parts of the world (IOM 2011).” Diaspora refers to emigrants and their descendants who live outside the country of their birth or ancestry, either on a temporary or permanent basis, yet still maintain affective and material ties with their countries of origin.

However, diaspora in the present context should not just refer to human mobility. Aside from remittances and financial flows, diasporas give back to the origin communities by way of exchanging knowledge, expertise, and resources. For this reason, more emphasis and importance should be given to the ties that diaspora keep to their countries of origin (Minto-Coy 2016a, b; Minto-Coy and Seraphin 2017).

4.1 *Filipino Diaspora Contributions to the Philippines Development*

Diasporas have the potential to make many contribution. Remittances are the most palpable manifestation of the benefits of migration. Through financial transfers, positive development contributions of migrant communities are clearly felt by those left behind in the countries or communities of origin.

In 2015, worldwide remittance flows are estimated to have exceeded to USD601 billion. The Philippines ranks third globally in terms of remittances receiving USD29.7 billion, next to China with USD63.9 billion and India with USD72.2 billion topping the list (World Bank 2016). These remittances continued to be a major driver of domestic demand and accounted for almost 9.8% of the Philippine’s gross domestic product (GDP) and 8.3% of gross national income (GNI).

Besides the obvious monetary gains, remittances directly improve human development outcomes across a number of areas such as health, education, and gender equality. This money acts as a lifeline, increasing income for individuals and families. As reflected in the case of the Philippines, the positive outcome of remittances from overseas Filipinos to migrants’ families and the country are indisputable. From remittances, households are able to spend more on education

¹Etymology of “diaspora”—“*dia*” meaning “through or over” and “*speiro*” meaning “dispersal or to sow”—suggests the idea of the movement of people from their homeland to other parts of the world.

and health care, purchase real properties, undertake house improvement, save money, invest in financial instruments, and engage in business enterprises. In the process, remittances generate demand for goods and services that creates jobs for more Filipinos (BSP 2016).

According to the Consumer Expectation Survey for the 1st Quarter of 2016 of the *Bangko Sentral ng Pilipinas (BSP)* or the Central Bank of the Philippines, there was an increase in overseas Filipino households (out of the 553 households who participated in the survey) who utilized their remittances for savings at 43.4% compared to 41.4% in the fourth quarter of 2015. On the other hand, according to the 2015 National Baseline Survey on Financial Inclusion done by BSP, the main purpose of remittances received is mainly for food (71%), followed by education (39%), medical expenses (28%) and emergencies (22%). Again, unfortunately, very few cited using the remittance for productive purposes such as buying assets (13%) or starting a business (6%).

Most countries of origin are already cognizant of the role of diaspora in development efforts (Gillespie et al. 1999; Riddle 2008; Elo and Riddle 2016; Minto-Coy 2016b). Looking at diaspora as just a source of remittances is a myopic view. Migrants can be tapped to reverse if not minimize the effects of brain drain through brain gain or brain circulation whereby skilled migrants are encouraged to transfer their knowledge and skills to counterparts in the home country. They can also serve as nation-brand ambassadors by way of improving or increasing the brand value of the home country (Dennie 2016; Minto-Coy 2013, 2016b).

Overseas Filipinos have filled critical resource and knowledge gaps in the country during permanent, temporary and/or “virtual” return visits. Many of them who are outstanding in their respective fields have utilized their personal and professional social networks to connect and reach out. They have acted as “first movers” in investments to open the way for other more cautious foreign investors. They have been instrumental in developing export and markets supply chains. They lobby in their destination countries for more favorable trade flows to the Philippines. In addition, with the passage of the Dual Citizenship Law and Overseas Voting Act, their influence extends beyond the economy. They potentially can alter behaviors within the country and positively transform attitudes and opinions on issues such as governance, election democracy and nation building.

4.2 Migration and Development Policies and Initiatives to Facilitate Filipino Diaspora Engagement

The growing importance and impact of diaspora contributions in promoting economic and social development has prompted several countries like the Philippines to formulate policies and to carry out strategies to encourage and facilitate such engagements.

4.2.1 Philippine Development Plan (PDP) 2011–2016

At the policy level, the Philippine government incorporated around 70 policy statements, issues and concerns on international migration in the Philippine Development Plan (PDP) 2011–2016, its blueprint for development. These migration and development related provisions were successfully integrated in 8 out of 10 chapters of the PDP from inclusive growth to macroeconomic policy; from competitive industry and services sector to resilient and inclusive financial system; from good governance and the rule of law to social development; and from peace and security to sustainable and climate-resilient environment and natural resources.

Likewise, the various Philippine migration and development-related government agencies such as the Department of Foreign Affairs, Department of Labor and Employment, Philippine Overseas Employment Administration, Overseas Workers Welfare Administration, National Reintegration Center for OFWs, along with stakeholders from civil society, the private sector, and the academe are developing programs and projects, tools and mechanisms to reach out to Filipino diaspora and to facilitate their engagement.

One of the earliest signs of recognition by the Philippine Government of the potential for engaging the Filipinos in the diaspora came two decades ago with the establishment of the Commission on Filipinos Overseas (CFO)² through the enactment of *Batas Pambansa Bilang 79*. The CFO is mandated to provide advice and assistance to the President of the Philippines and the Congress in the formulation of policies and measures affecting overseas Filipinos and formulate programs for the promotion of the welfare of Filipinos overseas with respect to their interests and activities in the Philippines while preserving and enhancing the social, economic and cultural ties of Filipinos overseas with their motherland and providing liaison services to Filipinos overseas with appropriate government and private agencies in the transaction of business and similar ventures in the Philippines.

4.2.2 Sub-committee on International Migration and Development

To address the need for policy cohesion and coordination, CFO with the support from National Economic and Development Authority (NEDA) pushed for the creation of the Sub-Committee on International Migration and Development (SCIMD) under the Social Development Committee (SDC) of NEDA. The SCIMD aims to raise the consciousness and appreciation of migration and development and increase coordination and convergence among migration-related agencies and other government agencies. This effort has cascaded to the sub-national level. Committees on migration and development, usually on the regional development councils have been established in four regions as of today.

²To know more about the Commission on Filipinos Overseas, <http://www.cfo.gov.ph/about-us.html>

4.2.3 **Lingkod sa Kapwa Pilipino or Link for Philippine Development (LINKAPIL)**

In 1980, CFO institutionalized one of the pioneer government programs that established a conduit for development support from overseas Filipino communities, the *Lingkod sa Kapwa Pilipino or Link for Philippine Development (LINKAPIL)*³ program. Types and forms of assistance offered through LINKAPIL include scholarships from micro-enterprise development, health and welfare assistance through medical and surgical missions to communities hit by calamities, feeding programs for children in poverty-stricken communities and small-scale infrastructures support such as school buildings and water systems. Between 1990 and 2015, total donations through LINKAPIL program amounted to PhP 3.2 billion.

The philanthropic kindness and generosity of overseas Filipinos were best demonstrated when the Philippines was struck by Typhoon Yolanda (Haiyan) in 2013, one of the most destructive natural calamities the country has ever experienced in history. Filipinos overseas (as individuals or groups), were among those that quickly raised funds to be sent to the afflicted areas. An informal rapid survey conducted by the CFO revealed that almost USD44 million cash and in-kind donations were mobilized by overseas Filipinos and brought into the Philippines.

4.2.4 **Overseas Filipinos Diaspora Remittance for Development (OFs-ReD) Project: Building a Future Back Home**

CFO together with the National Economic and Development Authority (NEDA) implemented the *Overseas Filipinos Diaspora Remittance for Development (OFs-ReD) Project: Building a Future Back Home*.⁴ It is project spearheaded by the United Nations Development Program (UNDP) and sponsored by Western Union's philanthropy arm—The Western Union Foundation (WUF). The OFs-RED Project addresses the goal of harnessing the potential of overseas remittances for local economic development. The project was implemented in the province of Ilocos Norte, one of the top origin provinces of Filipino migrants. At present, a Collective Remittance Fund had been setup to finance the credit needs of new or existing migrant owned enterprises in the area. The fund came about when the Provincial Government of Ilocos Norte, the Western Union Foundation and the Cooperative Bank of Ilocos Norte, which is also the depository bank, pooled in PhP 1 million (USD20,000) each to jumpstart the fund. A mechanism to encourage overseas Filipinos from Ilocos Norte to contribute to the fund is also currently being developed. The Collective Remittance Fund is loaned to former or active overseas Filipino or their dependents with new or existing income generating enterprise such as piggyery, dragon fruit plantation, rice and vegetable trading, and micro-lending.

³To know more about *LINKAPIL* visit: <http://www.cfo-linkapil.org.ph>

⁴To know more about the *OFs-RED Project* visit: <http://ofredtipudno.com>

Loanable amounts range from PhP 15,000 (USD300) at the minimum and half a million pesos at the maximum at a special interest rate of 12% per annum. At present, the pooled fund is financing 34 enterprises with loan credits ranging from PhP 15,000 (USD300) to half a million pesos (USD10,000). The high repayment rate and the continuing success and expansion of the SMEs engaged in the project served as the impetus for the Cooperative Bank to add another PhP 10 million (USD200,000) to the fund. The impact of the project can be seen and felt by the Ilocano beneficiaries, mainly women and former migrant workers, who expressed gratitude for the support of their businesses/livelihood while at the same allowing them to live in their hometown together with their families and loved ones.

4.2.5 Remittance for Development Council (ReDC)

It was a historic first for the Philippines and globally, when the CFO and BSP jointly established in 2012, the *Remittance for Development Council* or *ReDC*. This is a policy recommending and advisory body composed of representatives from the government, the banks and remittance service companies, migrants' organizations and Philippine based international development agencies. ReDC serves as a forum for regular dialogue on remittance issues which include lowering of remittance costs, democratization of remittance channels, innovation in remittance services like the use of e-cash, advocating for increased financial education of migrants and their families. The Council fully supports the recently adopted UN Sustainable Development Goals, particularly on target 10.c that “*by 2030, reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5%*”.

Notwithstanding its positive impact on the household and the economy in general, the challenge to reduce the cost of transferring remittance remains to ensure sustainability and further maximize its gains. The Philippine stands with other countries in pursuing the “5 by 5 objective” which commits to reduce the transfer costs from 10% to 5% over 5 years. Stakeholders and representatives from the Philippine banking sector point out that insufficient competition, lack of transparency and regulatory policies contribute to high transfer costs.

While the “5 by 5” dream, remains a challenge at present, the CFO has made several initiatives to encourage migrants, the families and the communities left behind towards more productive use of remittances.

4.2.6 Philippine Financial Freedom Campaign or Peso Sense

Financial literacy and remittances are inextricably linked. A basic understanding of financial management will contribute to a more productive use by the migrants themselves of their income and their families of the remittance transfers they receive.

Cognizant of this situation, CFO set a goal to assist overseas Filipinos and their families left behind to achieve financial freedom and independence through financial

education. In 2012, a financial literacy module called “*Kaalamang Pinansyal Tungo sa Kaunlaran*” or “*KAPIT KA!*” was developed to guide overseas Filipinos and the families to enhance their basic understanding and skills in budgeting, savings and financial planning. The modules are now incorporated in CFO’s pre-departure orientation seminars (PDOS) for Filipino emigrants.

The *Philippine Financial Freedom Campaign or Peso Sense*,⁵ for short is CFO’s latest financial education initiative. Just like OF-ReD, it is also funded by the Western Union Foundation and Western Union agents eBusiness Services and PetNet, with the assistance from the United Nations Development Programme.

It is essentially a Financial Education and Entrepreneurship program, which will cover all Filipinos, whether sender or receiver of remittances. This approach takes off from the study conducted by World Bank in 2012 stating that the most effective form of financial literacy is that which is directed not only to the remitter but to the beneficiaries as well.

UNDP Philippines and CFO is executing the Campaign through various forms of communications, from the World Wide Web to leaflets, from social media to videos and finally through mobile applications. Recognizing that there are more than 42 million Filipino Facebook users, CFO intensified the PESO Sense campaign by maximizing the use of social media. Starting with less than 10 followers in 2014 when it was first launched, the official PESO Sense Facebook, has now grown to over 1.2 million followers worldwide, making it among the top 500 Facebook pages of the Philippines. CFO also brought the campaign to a new level by launching in 2015 the PESO Sense Mobile Application. The application can be downloaded for free using Android phones. The mobile application’s greatest attraction and value is that it enables overseas Filipinos to directly pay and monitor the household expenses of their families in the Philippines. Payments to the Social Security System (SSS), PhilHealth, Pag-IBIG Fund and even National Bureau of Investigation (NBI) can also be made on the app. Users can also read free financial and entrepreneurial tips, trivia and articles based on their personal profile, browse through the news feed of our partner agencies. One can also track, record, and monitor the remittances they send back to their families through the PESO Sense Remittance Diary.

This strategy aims to disseminate the government’s advocacy of financial inclusion to as many publics as possible. Another unique feature of Peso Sense is that the modules are customized according to six different and targeted profiles: students, young adults, business owners, the employed, home makers and retirees.

Inspired by the movement started by the Child and Youth Finance International to give 100 million children in 100 countries by 2015 financial access and financial education, CFO also partnered with Land Bank of the Philippines, a government bank, for the *Kiddie Katapat Savings Program* or *KKiSS* for short. This is a program to equip Filipino children and youth, both in the Philippines and abroad, with the basic knowledge and habit of saving and the value of preparing for their future. With

⁵To know more about *Peso Sense* visit: <<http://www.pesosense.com/>> and <<https://www.facebook.com/pesosenseph>>

the approval of the BSP, dependents of overseas Filipinos, who are 7 years old and above are allowed to open and maintain their own ATM Savings account for an initial deposit and minimum balance of PhP 100 (approximately USD2.50). In turn, CFO and Land Bank encourages overseas Filipino parents, siblings or guardians to match the amount saved by their dependents. This program is CFO's concrete response for child-friendly banking services and youth-oriented financial literacy.

4.2.7 Joint Migration and Development Initiative Phase 2 (JMDI2) in the Philippines

Apart from migrant remittances, contributions from the diaspora also demonstrate the positive effects of migration to a sending country, and as most literatures would suggest, specifically to the local communities where migrants come from. And for several decades, the Philippines has gained significantly, in social and economic forms, from the contributions of Filipinos abroad.

The impact of migration is most often strongly felt in the provinces and home towns where migrants come from and thus local government units (LGUs) are critical and strategic in linking migration to development. This is the underlying idea behind the *Joint Migration and Development Initiative Phase 2 (JMDI2)*, a global program supported by the UNDP, the European Union and the Swiss Development Cooperation Agency with the CFO as the national implementing government agency in the Philippines.

The Project is capacitating the LGUs at the sub-national level in 4 regions (CALABARZON, Ilocos, Western Visayas and Bicol) out of 18 regions of the country in upscaling and institutionalizing migration and development (M&D) initiatives. This includes the inclusion of M&D in the local development plans and investment programs, formation of local migration and development councils or committees through local legislative imprimatur, introducing the idea of collective remittance and matching funds from stakeholders, and promotion of financial literacy and business enterprise development especially for the families left behind by overseas Filipinos. Among its significant components is the establishment of One Stop-Shop Migration Resource Centers (MRCs) which may include pre-departure training, general migration information, social services for migrants and family members staying behind, assistance to the reintegration of migrants by providing them information on business, investment and employment opportunities at their hometowns and provinces.

In order for engagement strategies to be effective, countries should be able to distinguish the differences between the different categories of its own diaspora because each type requires varying approaches or engagement strategy.

The *Global Diaspora Strategies Toolkit* published by Diaspora Matters in 2011 enumerates the following categories or segments of the diaspora (Aikins and White 2011):

- Lived diaspora: those persons born in the home country, living permanently or temporarily in a host country;
- Ancestral diaspora: individuals with ancestral links in the home country such as second and third generation migrants;
- Next generation diaspora: younger members under 35 years old, who are fundamental to engage to ensure sustainability of diaspora strategies;
- Returning diaspora: those persons who have lived in the host country and gave come back to the home country; and
- Affinity diaspora: nationals of other countries who work or study (or once worked or studied) in the home country but have since re-migrated, such as state alumni

Institutions or groups called upon to connect with their country's diaspora are required to first and foremost be able to identify the diaspora. This first step entails research in terms of the number of diaspora members, mapping their geographic location, origin, distribution and skills. The Philippines on the other hand relies mostly in data gathered by its embassies and consulates abroad and migrant-serving agencies like the CFO for permanent migrants and the Philippine Overseas Employment Administration (POEA) for temporary overseas workers.

The next step is to cultivate or create a relationship of trust between the diaspora and the government of origin and host countries. The purpose for engagement needs to be clear. This meant opening the streams of communication between and among parties. Organizing conferences or meetings with the diaspora is an effective means to continue the conversations with migrant communities and the government of the origin countries.

4.2.8 Global Summit of Filipinos in the Diaspora

In the case of the Philippines, the CFO has been organizing a *Global Summit of Filipinos in the Diaspora*⁶ every 2 years in Manila. The Global Summit is a platform for a dialogue between the Philippine government and other migrant-serving institutions with the Filipino migrant communities abroad. Attended by over 500 overseas community leaders from an average of 25 countries, the Global Summit has become a means for government to communicate the importance of the contributions of overseas Filipinos in furthering the development programs of the government. The Global Summit also paved the way for the birth of the Diaspora to Development or D2D Initiatives—a menu of different means of engagement for overseas Filipinos from business advisory to brain gain; from philanthropy to investment; from skills and knowledge sharing to legal assistance and advocacy; from tourism initiative to medical missions; and from arts and culture exchange to return and reintegration. One of the notable outcomes of the First Global Summit held in 2011 was the

⁶To know more about the *Global Summit* visit: <http://www.cfo.gov.ph/other-programs-initiatives/global-summit-of-filipinos-in-the-diaspora.html>

creation of the Global Filipino Diaspora Council, the first organized network of overseas Filipinos with members worldwide.

Regional Summits are also being held in between the Global Summits at the initiative of the diaspora groups to allow them to focus the discussion on issue that are relevant to them, and network with other Filipino groups abroad that can be tapped as partners. These Regional Summits are critical as these are instrumental in the formation of networks (European Network of Filipinos in the Diaspora or ENFiD,⁷ and Middle East & Africa Network of Filipino Diaspora or MEANFiD) among Filipino organizations in the region.

4.2.9 Ugnayan Series

Another initiative of the CFO is *Ugnayan*, a series of gatherings and meetings with Filipino community and organization leaders in various regions of the world to discuss means of cooperation for diaspora engagement. *Ugnayan* aims to familiarize overseas Filipinos with migration-related government programs, and empower them by promoting financial freedom campaign, establishment of support network, and intensifying their participation in the government's campaign against human trafficking.

Having such conferences and summits are effective but are always challenging because of the amount of logistics and resources needed to implement such undertakings. The third step to engage the diaspora, solicitation, urges countries of origin to make use of varying forms of media or technology to reach the diaspora and mobilize them towards specific goals.

4.2.10 BaLinkBayan: A One-Stop Online Portal for Diaspora Engagement

The flagship program of the CFO is *BaLinkBayan*,⁸ a one-stop online portal for diaspora engagement. It is an E-Government Project spearheaded by the CFO and supported by several government agencies such as Department of Trade and Industry, Department of Agriculture, Department of Agrarian Reform, Department of Health, and the Department of Environment and Natural Resources, among others. *BaLinkBayan* is a conjunction of two Filipino terms, "link" referring to inter-connectivity created through the Internet and "*balikbayan*" a term for a returning Filipino migrant.

The online portal serves as a platform to facilitate diaspora investments, donations and volunteer opportunities and to access other online government services. Overseas Filipinos will be guided by interactive maps, research studies and links to

⁷To know more about ENFiD visit: <http://enfid.org/>

⁸To know more about *BaLinkBayan* visit: <http://balinkbayan.gov.ph/>

partner agencies offering the services tailor-fit for them and their interests. Regarding Investment and Business Opportunities, overseas Filipinos may select from a menu of services that include Agriculture, Financial Investments, Franchising, Small and Medium Scale Manufacturing, Services, Retail and Real Property. The *BaLinkBayan* has also piloted local level transactional services such as online business registration and payment of real property taxes in selected cities and provinces in the Philippines.

The final step to diaspora engagement is stewardship, where commitment is sealed through a reporting mechanism on the part of the government and a reward and recognition system for the diaspora. At this stage, governments of sending countries are called upon to develop ways to give back to its diaspora by way of policies, legislation, activities and recognition.

4.2.11 Presidential Awards for Filipino Individuals and Organizations Overseas

The *Presidential Awards for Filipino Individuals and Organizations Overseas*⁹ is a biennial award conferred to distinguished Filipino individuals and organizations in recognition of their outstanding contributions to national development efforts, or their outstanding achievements in their field of profession. The awards are also conferred to foreign individuals and organizations that provide assistance to the country or advance the cause of Filipino communities overseas. Since its institutionalization in 1991, the awards have been extended to 437 overseas Filipinos, foreign individual and organizations.

4.2.12 Month of Overseas Filipinos

In 1988, Proclamation No. 276 declared December of every year as *Month of Overseas Filipinos*.¹⁰ In observance of this occasion, the Inter-Agency Committee (IAC), co-chaired by CFO and composed of a diverse representatives from the relevant government agencies, private sector and the civil sector organizes special projects and activities every December to give recognition to Filipinos abroad and to encourage their participation in development activities in the country.

⁹To know more about the *Presidential Awards* visit: <http://presidentialawards.cfo.gov.ph>

¹⁰To know more about the *Month of Overseas Filipinos* celebration visit: <http://mof.cfo.gov.ph>

5 Conclusion

Migration remains a defining feature of the twenty-first century and the way in which we approach it will have powerful implications for societies around the globe and for generations to come (OECD 2015). Now more than ever, times call for countries to re-imagine international migration and the natural movements of people. There is no disputing the fact that international migrants affect the development of both sending and receiving countries.

While the Philippines has a highly developed system than other migrant-sending countries in the development of initiatives to engage with its diaspora, a great deal more remains to be done. Even with the wealth of initiatives in the past three decades discussed in this chapter, it is evident that programs for diaspora engagement are running far ahead of our ability to distill our experiences, understanding and knowledge of the phenomenon and translate this into a concrete policy framework for deliberate, systematic and coherent diaspora engagement.

A holistic understanding of this issue is imperative. A multifaceted approach involving all relevant stakeholders can serve as the mechanism in the establishment of a policy framework where discussions can be anchored.

There are certain policy implications that could be considered. First, in order to systematically engage the Filipino diaspora in national and local development, greater institutionalization of these various initiatives needs to happen at all levels of government. Second, greater policy coherence and effective coordination especially among relevant government agencies is likewise needed. Finally, going beyond the policy confines and spaces of traditional migration-related agencies and officials to involved development agencies and planners and other policy sectors and actors is also essential so as to expand the policy and program options for the Filipino diaspora.

At the end of the day, these policies should enhance a Philippine society that is benefitting fully from the gains of inclusive and sustainable development. Filipinos exercising their right to mobility and travel across national borders should do so as a result of genuine choice given similar opportunities back in their Motherland or in their countries of destination. It is the country's hope that those who have stayed in the Philippines or those who find themselves living or working overseas, become both partners and beneficiaries of the country's development. This is an area which should be continuously studied.

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Entrepreneurship in an Institutionally Distant Context: Bangladeshi Diaspora Entrepreneurs in Denmark



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Abstract Extant studies have not highlighted how country of origin (COO) and country of residence (COR) in institutionally distant context shape diasporans' behaviour, rationales, and capabilities, leading to the growth and success of entrepreneurial ventures in the COR; our paper contributes to this gap.

Investigating seven cases (micro, small, and medium enterprises) of Bangladeshi diasporans' in Denmark, our study presents an in-depth understanding of the impact of dual institutional characteristics, whereby the relatively higher importance of COR institutional features shape diaspora entrepreneurial motivation and management. Motivation and management styles vary due to the length of a diaspora's stay in the COR, their educational background, relevant previous experience, and degree of social integration in the COR. Some important personality traits, which are shaped by dual institutional features, determine the degree to which diaspora can develop cultural intelligence and social capital in the COR context. This helps the diaspora develop suitable entrepreneurial capabilities to grow the venture, while the personality traits and social capital derive from the diasporans' educational background and involvement in sports and social activities in the Danish context. This study postulates four broad categories of motivational factors, namely (a) income security and financial success, (b) social recognition and status, (c) work achievement, and (d) independence and autonomy of work, which manifest different types of entrepreneurship depending on the diaspora's personal background and the nature of the Danish (COR) institutional features. We find a mixed influence of COO and COR institutions on various features of management. Finally, we develop an analytical model, called the 'House Model', to explain diasporas' venture creation and venture management processes in an institutionally distant context and argue that researchers should take into account both the COO's and COR's institutional features when

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examining the growth and survival of diaspora entrepreneurship. Our study contributes to the understanding and practice of transnational diaspora entrepreneurship and management as well as policy formulation by institutional actors.

1 Introduction

Economically developed countries have witnessed a great influx of immigrants over the last few decades due to war, relaxed immigration policies, globalization, and liberal labour markets. Despite debates on immigrants and diasporans, particularly in Europe, as to how and whether they are integrated and can contribute, they become an integral part of the society and economy. Though several studies conducted across different disciplines have considered political, sociological, and business perspectives, researchers have not paid due attention to diaspora entrepreneurship and management in a country of residence (COR) that has an institutional context that is distant from that of the country of origin (COO). Therefore, we ask the question of how diasporans create and manage ventures in institutionally distant contexts (COR) in which state role/support, socio-cultural conditions, language, and cognitive mind-sets are quite different and distant from those of diasporans' COO.

This is an interesting topic of study at this time, because the majority of diaspora live, work, and conduct entrepreneurial activities in institutional contexts that are relatively distant from those of their COO. Thus, in this study we aim to understand the motivations and mechanisms for creating and managing ventures in a COR, knowing how institutional features of both the COR and COO shape the orientations and capabilities that lead to the creation, management, and, above all, growth of the ventures.

Extant research provides a great deal of information on new venture creation (Oviatt and McDougall 1994), international joint-venture creation (Rana and Elo 2016, 2017), transnational diaspora entrepreneurship (Kruja 2014; Nkongolo-Bakenda and Chrysostome 2013), and diaspora investment in COO (Riddle and Brinkerhoff 2011). Our point of departure, in contrast, is to explain venture creation and management dynamics in COR from dual institutional perspectives, thus illustrating how diaspora entrepreneurs navigate and grow in institutionally distant contexts.

Based on seven case studies of small and micro enterprises run by Bangladeshi diaspora entrepreneurs in Denmark we develop a framework, which we call the 'House Model', and seek to understand the venture creation process, entrepreneurial orientation, and management, as well as the influence of institutional conditions on entrepreneurial behaviour.

The reasons we have decided to investigate Bangladeshi diaspora ventures in Denmark are, firstly, the Danish institutional condition, particularly its regulative, normative, and cultural cognitive features, which are relatively distant from those of the Bangladeshi institutional context. Secondly, the number of Bangladeshi diaspora entrepreneurs in Denmark is relatively small, so it is easy to investigate them in depth. Thirdly, Bangladeshi entrepreneurs have both types of educational

backgrounds, i.e. from Denmark and Bangladesh; thus, we were able to examine the influence of education and personal background from both the COR and COO on entrepreneurial motivation, capability, and management.

This study contributes to policy development and diaspora entrepreneurship management, and serves as a seminal work on diaspora entrepreneurship and management in an institutionally distant context, while also presenting a discussion of how institutional features shape the conditions by which diaspora entrepreneurial motivation, management, and above all capability are in turn shaped.

2 Institutional Condition and Distance

2.1 Institutions

Institutional theory, tracing back at least to the neo-institutional theory of Max Weber, has been put through an evolutionary process by several scholars from sociology, economics, organizations, and psychology. However, new-institutionalism does not represent a sharp break with the neo-institutional framework, but rather conceptualizes the definition of institution differently.

The school of economics that employs the notion of institution, commonly known as new-institutional economics, was primarily driven by the pioneering concept of transaction cost by Coase (1937) and later Williamson (1975). The concept derives logic that is in line with the notion of institutionalism. They argued that the costs of negotiation and information collection are conditioned by the nature of the institutional context and human ability. Transaction cost increases as a function of two paired conditions. Firstly, the fact that when an individual behaves rationally, the behaviour is 'bounded', meaning there is a cognitively limited ability to process information, and this rational behaviour is confronted by heightened complexity and uncertainty due to the cognitive limitation of accessing all the information needed to analyse the risks of the transaction. Secondly, when opportunism, i.e. the propensity of some actors to lie and cheat, is coupled with an absence of alternative exchange partners, the transaction is stuck in that condition, and the one is likely to be cheated because of cognitive limitation to find an alternative exchange partner. For example, collecting information on property transactions or investment in Bangladesh is relatively difficult and often leads to confusing and unreliable data; in Denmark, on the other hand, the government has developed an open and reliable digital system to check real estate data and historical information. One can easily find the necessary information regarding current and previous real estate transactions free of charge on one website. This provides the opportunity to assess risks in transactions by accessing recorded historical information; furthermore, one cannot hide information in a transaction, and this reduces the bounded rationality for the buyer and opportunism for the seller.

Economic historian North (1990) moves one step ahead in defining institution, encompassing three crucial phenomena of institutions to develop a framework,

namely cultural, political, and legal conditions. Dividing them into two types, formal and informal institutions, he describes institutions as the societal 'rules of the game' and views organizations as players who are attempting to devise strategies to win the game. Thus, he views the institution as a constraining factor when conducting business in a particular context. His assumption is in line with the notion of transaction cost theory, which assumes that firms tend to incur costs due to the institutional conditions in which they operate.

The political science stream includes both formal structures and informal rules and procedures that govern or shape behaviour (Thelen and Steinmo 1992). This stream focuses on the state, examining the ways in which these structures shape the characters and outcomes of conflicts according to how they distribute power among actors, develop policies that allow distribution of resources, and shape actors' conceptions of their interests; these factors ultimately lead to equilibrium within a society.

However, the sociological stream, together with psychology, stresses 'cognitive evolution' of the institution, connecting it with individual intelligence, i.e. the ability to perceive, interpret, make sense of, and respond to external stimuli. Humans, on the one hand, have limitations in judging and assessing both risks and opportunities because they have limitations in developing intelligence and limited ability to access information (Tversky and Kahneman 1974). This condition might be typical for a diaspora/multinational enterprises (MNE) in a distant institutional context, at least at the initial stage in a foreign context, due to a lack of contextual intelligence and embeddedness (originating from ethnicity, education, language, social networks, sense of local culture, etc.). Institutional condition, on the other hand, influences human minds and provides limitations or advantages for the ability to perceive, interpret, and make sense of external stimuli, leading to a construction of common meaning and rationale in a given context (Berger and Luckmann 1966; DiMaggio and Powell 1983).

Organizational sociologist Richard Scott (2008), however, summarizes all these views in new-institutionalism and presents a theoretical framework in which institutions comprise regulative, normative, and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning in social life. This means that institutions guide behaviour by defining what is appropriate or expected in various social and commercial situations, and thus firms or entrepreneurs can develop capabilities in order to respond to such social/commercial situations (Rana and Sørensen 2014).

In a similar vein, comparative institutionalism and business systems scholars consider culture and history to form a background institution that affects proximate (i.e. formal) institutions, such as the role of the state, regulation and policies, education and labour institutions, and financial institutions (Whitley 2010; Redding 2005). However, they presume that dominant features of the culture and values of the background institution shape the nature of authority, hierarchy, trust, reciprocity, social capital, identity, and the logics of managing and organizing economic activities in a society. While these features of the background institution underpin the proximate institutions, over time the nature of proximate institutions also affects the background cultural institutions. This means that comparative institutionalism sees

an institution as a dynamic and interactive process that includes the dominant forms of background and proximate institutions together with the firms; thus, their interactions give rise to a particular set of systematic logics of doing business in a society, which they call business systems (Rana 2015). This helps explain how firms organize and manage activities in different societies and how and why diverse institutional conditions shape them to be different in different societies (Whitley 1992; Rana 2015; Rana and Morgan 2015).

Comparative institutionalism further analyses why firms/entrepreneurs in certain societies develop certain types of capabilities while others cannot, or why and how entrepreneurs create ventures and manage them in a certain way in one context while they do so differently in another context. Thus, comparative institutionalism (Morgan et al. 2010) presents an analytical framework to explain venture creation, organization, and management between two or more countries in a logical way based on the concept of institutionalism. This is the view we primarily use in this study, together with the organizational sociology perspective of new-institutionalism, in order to explain why Bangladeshi diaspora entrepreneurs create ventures and how they manage them in Denmark.

2.2 *Institutional Distance*

The institutional distance metaphor originates from the concept of the liability of foreignness and psychic distance. The institutional distance concept helps measure the difference of various institutional features between two or more countries, for example, political risks, regulative differences, norms affecting authority and trust, executive rationales and mind-sets for decision making, etc. Grounded on the notions of new-institutionalism and new-institutional economics, it has become a popular construct in international business studies, where the unit of analysis is embedded in two or more institutional contexts (Xu and Shenkar 2002; Phillips et al. 2009; Bae and Salomon 2010). The comparative institutionalism literature helps researchers explain how institutional diversities can shape human and firm capabilities to create and innovate in certain societies compared to other societies (Jackson and Deeg 2008; Whitley 2007). As our study focuses on Bangladeshi diaspora entrepreneurship, in which entrepreneurs create and operate ventures in Denmark while they hold embeddedness with Bangladesh, comparative institutionalism and the institutional distance concept are relevant and useful in order to explain what, why, and how diaspora entrepreneurs do things in a particular way in Denmark and how institutional features from both contexts shape their behaviour and capabilities.

3 Diaspora Entrepreneurship, Orientation, and Motivation

3.1 *Diaspora Entrepreneurship*

‘Diaspora entrepreneurship’ differs from ‘entrepreneurship’ because of diasporans’ background (i.e. the degree to which they are oriented towards the COO or COR). This difference is manifested in levels of social capital, education, entrepreneurial motivation, and previous experience, as well as the ability to adapt to and navigate in a new context, i.e. the COR, as compared to native entrepreneurs.

Entrepreneurial motivation of the diaspora is subject to personal and family needs and affordances in a foreign context. This means that whether and how a diaspora can afford to conduct entrepreneurial activities in the COR, given their personal conditions and institutional opportunities and constraints (i.e. in terms of financial resources, policy support, ability to access necessary information, etc.), depends on their cognitive ability to respond to external conditions. Thus, the diaspora’s motivation is a dynamic construct (i.e. one that is subject to change), and is shaped by the institutional conditions with which the diaspora’s cognitive intelligence is strongly aligned, i.e. the COR or COO. In fact, motivation allows the diaspora to change in a way that enables them to develop the required capability to navigate challenges arising from institutional distance, which strengthens the personal resource bundle required for entrepreneurship suited to the context, thus helping to legitimize the venture and its operation there (Decker 2015).

Diaspora entrepreneurs tend to possess three types of capital—human, social, and financial—which are shaped partly by contextual intelligences drawn from both contexts, and partly by the institutional features of the COR, as this is the context in which the transnational diaspora attempts to develop a venture. These capitals eventually affect their entrepreneurial capability in the COR.

Instead of diaspora entrepreneurship in the country of origin (COO), as diasporans often temporarily or permanently return to COO as entrepreneurs, (see Riddle and Brinkerhoff 2011), in this study we take the perspective of diaspora entrepreneurship in the COR (see Elo 2016).

Elo (2013) presents nine types of diaspora entrepreneurship (see Table 1) corresponding to different country contexts: developing, emerging, and developed countries. The underlying assumption of her categorization is that the institutional contexts in which diasporans live shape their entrepreneurial types. The assumption, which is in line with the argument of comparative institutionalism, indicates that institutional contexts shape entrepreneurs’ capabilities. Different contexts present different opportunities and weaknesses, and thus they give rise to different types of entrepreneurs. According to Elo (2013), the developed country context has three types of entrepreneurship: colonial-style, pioneer-style, and elite entrepreneurship. Of these types, the ‘pioneer style’ may fit the Bangladeshi diaspora (from an emerging market) in Denmark (a developed country). Yet this typology has not been well explored regarding what antecedents motivated these diasporans to become entrepreneurs or how they manage ventures in the COR.

Table 1 Typology of diaspora entrepreneurship (DE)

Country/ location: entrepreneur	Developing	Emerging	Developed
Developing	(A) Developing market DE, low asymmetry (cf. - intra-regional diaspora in Southeast Asia), 'poor-to-poor'	(B) 'Lonely starter' style DE, medium asymmetry, 'poor-to-less poor'	(C) High-asymmetry-based classic DE, 'poor-to-rich'
Emerging	(D) 'Early starter'-style DE, medium asymmetry (cf. Chinese and Indians in Africa), 'less-poor-to-poor'	(E) Emerging market DE, low asymmetry (cf. Chinese in Brazil), 'less poor-to-less poor'	(F) Medium asymmetry-based classic DE, 'less poor-to-rich'
Developed	(G) 'Colonial style' DE, high asymmetry (cf. German in Senegal), 'rich-to-poor'	(H) 'Pioneer style' DE, medium asymmetry, 'rich-to-less poor'	(I) Developed market diaspora (cf. 'elite') entrepreneurship, low asymmetry (cf. - US-Americans in Finland), 'rich to-rich'

Source: Elo (2013)

Transnational diasporas who maintain dual embeddedness (i.e. maintain links with and frequently visit the COO) possess sentiments towards their homeland (Rana and Elo 2016); this is often a motivation, together with economic gain, for entrepreneurship in the COO. In addition, they hold social capital and contextual intelligence in the COO due to their family network, living conditions, education, and work, which they can often exploit. Moreover, they tend to have rare resources and distinctive knowledge due to living, studying, and working in the COR (typically a developed country context); thus, they can take the opportunity of institutional arbitrage. However, this is a COO perspective, which we do not focus on here; instead, we would like to uncover the motivations of transnational diaspora entrepreneurs in the COR.

As Drori et al. (2009) argue, transnational entrepreneurship builds on entrepreneurship literature and migration studies and considers various perspectives that are useful for analysing diasporans vis-à-vis diasporic transnational entrepreneurial activities; such perspectives are agency, institutional and cultural factors, power relations, social capital, and networks.

3.2 Entrepreneurship and Orientation

The entrepreneurship literature presents a thick description of entrepreneurship categories, motivations, and orientations through which we can develop an understanding of diaspora entrepreneurship.

Table 2 Typology of entrepreneurs

Degree of creativity and innovation		Necessity-triggered	Growth-oriented
	Imitation-oriented businesses	<p><i>Survivalists (necessity-driven entrepreneurs)</i></p> <ul style="list-style-type: none"> • Crowded low-end business segments • Low profitability • Limited organic growth 	<p><i>Opportunists/lifestyle business owners</i> (establish businesses by their savvy in taking advantage of opportunities)</p> <p>Type 1: ‘The connected’</p> <ul style="list-style-type: none"> • Good positions in social and political networks • Dependent on social capital to leverage resources <p>Type 2:</p> <ul style="list-style-type: none"> • ‘Donor support hunters’
	Innovation-oriented businesses	<p><i>Orphans</i></p> <ul style="list-style-type: none"> • May go unnoticed • Found in sectors with high entry barriers • Requires support and mentoring • Represent marginal but significant additions to existing value propositions 	<p><i>Eye-catchers</i></p> <ul style="list-style-type: none"> • Persons with unusual talent • Build their businesses on distinctive innovations • Receive venture capitalist support • Attract public/journalistic attention

Source: Kuada (2015)

Building on theories of learning and innovation (i.e. creativity and innovative thinking), Gartner et al. (1989) describe eight categories of entrepreneurs. The first is escaping to something new; second, putting the deal together; third, roll-over skills/ contacts; fourth, purchasing a firm; fifth, leveraging expertise; sixth, aggressive service; seventh, pursuing a unique idea; and the final category is methodically organizing.

These categories represent an understanding of how an entrepreneur’s ability allows them to develop and grow a business. This is a resource-based view but a generic condition for being an entrepreneur, but it is also a partial view because it isolates entrepreneurial capability from its context and background; this perspective considers the action and human capability of an entrepreneur only at a certain point in time and space. This does not fit with the understanding of transnational diaspora entrepreneurship because a transnational diaspora’s condition and situation are embedded in more than one context, making transnational diaspora entrepreneurship more complex and context dependent.

In a similar vein, Kuada (2015) describes four types of entrepreneurs building mainly on two factors: imitation orientation and innovation orientation. These typologies are survivalists, opportunists, orphans, and eye-catchers (see Table 2). Kuada (2015), drawing on contextual and entrepreneurial characteristics in Africa, suggests that economic conditions and the entrepreneurial focus (i.e. either imitation or innovation) determine whether necessity or opportunity entrepreneurs are most

prevalent in any given country. Growth-oriented entrepreneurs create many job opportunities and are involved in social welfare activities in high-income countries, while necessity entrepreneurs are more common in low-income countries where they need to start a business to survive. He further added that survival-oriented business owners tend to unwittingly adopt coping strategies that keep them in the grip of growth inhibitors (Kuada 2015). Kuada's (2015) propositions, however, may not apply to diaspora/immigrant entrepreneurs living in a developed country such as Denmark. This is because such developed and supportive institutional conditions present several opportunities for diaspora entrepreneurs, depending on how well diasporas are integrated and embedded in COR society (i.e. in terms of social capital, education, language skills, etc.). However, one could argue that despite living in a developed country context, diasporans may behave like necessity-driven entrepreneurs because of their low or non-existent integration into the social system. Thus, they may find that the institutional conditions are foreign to them due to their inability to access sufficient information, social capital, and financial capital, while also lacking contextual intelligence. Therefore, they cannot exploit the full potential of the institutional system, ultimately opting for self-created necessity-oriented ventures.

As far as the entrepreneurial orientation (EO) literature is concerned (Covin et al. 2006), EO refers to the strategy-making processes that an entrepreneur goes through when creating and managing a venture; this includes entrepreneurial decisions, actions, and visions (see Lumpkin and Dess 1996; Wiklund and Shepherd 2003; Rauch et al. 2009). The notion of EO, therefore, can also help to understand entrepreneurs' motivations.

According to Miller (1983) and Lumpkin and Dess (1996), there are five dimensions of EO, namely innovativeness (doing something innovative in terms of product, process, or management), risk-taking (ability to take risk), pro-activeness (a forward-looking perspective), autonomy (ability to work independently, make decisions, and take actions), and competitive aggressiveness (intensity of the effort to perform better than its rivals). The innovativeness, proactiveness, and competitive aggressiveness orientations depend on the entrepreneur's high-level skills, education, social capital, and contextual intelligence. The risk-taking and autonomy orientations commonly appear in immigrant entrepreneurs when they do not have high-level skills, education, or strong embeddedness in the COR.

Studies find that contextual intelligence and strong embeddedness of highly skilled diasporas can lead to innovative venture creation in the COR (as seen in the Bangladeshi, Indian, and Pakistani diaspora in the US and UK) and internationalization of MNEs in the COO (see Riddle and Brinkerhoff 2011; Rana and Elo 2016, 2017). These two types of entrepreneurship can be termed 'eye-catcher' and 'innovative' in the COR; they show that the entrepreneur's deep embeddedness and education in the COR have provided them with a high level of social capital and contextual intelligence to succeed in entrepreneurship in the COR.

3.3 *Entrepreneurial Motivation*

Many studies have tried to identify both the traits and motives of entrepreneurs and the demographic characteristics that may predispose individuals toward entrepreneurial careers and management (e.g. Collins et al. 2004; Hansemark 2000, 2003; Lachman 1980; McClelland 1965; Meyer et al. 1961).

We discussed above the motives of entrepreneurs based on the ‘necessity’ and ‘opportunity’ dimensions, which are conditioned by intra-personal need and external context (i.e. the fit between internal requirements and capabilities and the external situation). Some other common dimensions of entrepreneurial motivation are illustrated here:

1. *Achievement, challenge, and learning*: This explains the desire for personal development through entrepreneurship. It includes aspects such as having meaningful work and responsibility and learning through the challenge of creating or running a business, i.e. self-realization, including fulfilling one’s personal vision (Jayawarna et al. 2011; Edelman et al. 2010; Giacomini et al. 2011; Gorgievski et al. 2011; Benzing et al. 2009).
2. *Independence and autonomy*: This highlights the entrepreneurial motivation of having control over one’s work and life. This includes having control over one’s own time and work, making independent decisions, and having the flexibility to combine work with one’s personal life (Jayawarna et al. 2011; Giacomini et al. 2011; Edelman et al. 2010; Benzing et al. 2009; Akehurst et al. 2012; Aziz et al. 2013).
3. *Income security and financial success*: This dimension captures the importance of financial returns from entrepreneurial ventures (Edelman et al. 2010; Giacomini et al. 2011; Jayawarna et al. 2011; Aziz et al. 2013). Notably, there is no significant distinction between the motive related to income security and financial success and the necessity-driven motivation, which we have explained.
4. *Recognition and status*: This dimension represents aspects related to social status such as the desire to receive recognition and respect from friends, family, and the wider community for one’s work as an entrepreneur (Edelman et al. 2010; Giacomini et al. 2011; Jayawarna et al. 2011; Aziz et al. 2013).
5. *Family and roles*: This illustrates the desire to continue a family tradition and/or follow the example of other role models. This dimension, however, also emphasizes creating a family legacy (Edelman et al. 2010; Jayawarna et al. 2011; Dej et al. 2012; Aziz et al. 2013).
6. *Dissatisfaction*: This dimension represents entrepreneurial motivation due to dissatisfaction with prior work arrangements (Akehurst et al. 2012; Giacomini et al. 2011). Therefore, it bears some similarity to necessity motivation, which is rarely explicitly included in this type of motivational research (Fernández-Serrano and Romero 2012). However, it may not be entirely the same as necessity motivation because dissatisfaction may arise due to a lack of innovation, creativity, personal enjoyment, or even social prestige arising from the earlier work or business.
7. *Community and social motivations*: This dimension includes the desire to contribute to the community in which the entrepreneur lives, either through

philanthropy or through the business itself (i.e. social entrepreneurship) (Estrin et al. 2013). However, in a broader sense it may include aspects such as looking after one's employees and being an environmentally friendly company (Jayawarna et al. 2011).

4 Management Styles in Entrepreneurial Ventures

There is a significant amount of literature on management styles, i.e. the way a manager organizes and manages firm activities. However, our focus is on the diaspora management style, and there have been few studies related to this phenomenon.

One perspective on management style would be to understand the rationale that shapes the way managers organize and manage business operations, which is rooted in institutionalism. This rationale is shaped by the socio-cultural norms and values and management education that a manager experiences. For example, this rationale influences whether a manager would favour kinship, friends, and social relations when recruiting employees, and whether a manager would volunteer some social services, as expected by society (not as corporate social responsibility as such, but rather as a sporadic social service as requested or desired by the social context or actors).

The other perspective would be to understand the management style as how a manager performs different managerial tasks within the organization, for example, how a manager makes decisions, to what extent they delegate authority to subordinates, the level of authority distance between manager and subordinates, the level of employer-employee commitment, and so forth. Although it is true that institutional conditions affect both these perspectives, the latter has been most prevalent in the comparative management/business systems literature (Whitley 2010; Rana 2015).

Brinkerhoff (2016) presents a thick description of how diasporas manage their entrepreneurial ventures in Egypt, Ethiopia, and Chad, in which diasporas' education from the COR and the cultural influence of the COO shape their management styles. In other words, she describes how diaspora entrepreneurship and management are influenced by dual institutional settings while diasporans act as change agents in the institutional conditions of the COO.

Since the objective of this paper is to understand the entrepreneurial motivation and management style in diasporas' micro-small-medium ventures in a COR, i.e. Denmark, we need an operational framework to understand and document this phenomenon. Thus, we use a framework presented by Rana (2014) (see Table 3), building on comparative institutionalism and business systems theory (see Whitley 1992; Redding 2005). This operational framework for the internal dynamics of management has previously been empirically tested on firms in the Bangladeshi context, and is thus relevant to this study. We do not necessarily use the entire framework; rather, we focus on the dynamics of management that are important for micro-small-medium enterprises.

Table 3 Basic information of the entrepreneurial ventures

No	Type of venture	Employee	Yearly Income (2016) (DKK)	Years	Size of Business
C1	Cleaning	75	16 million	5 years	Medium
C2	Restaurant	3	1.5 million	4 years	Micro
C3	Restaurant	3	300,000	3.5 years	Micro
C4	Super store	3	120,000	18 years	Micro
C5	Restaurant	11	5 million	1.5 years	Small
C6	Restaurant	6	91,000	4 months	Micro
C7	Cleaning and catering	10	3 million	17 years	Small

Source: Based on interviews

Business systems theory primarily concentrates on how firms are shaped by national-level institutions, as it is at this level that institutions tend to be strongest; however, in the case of diaspora, national contexts become dual or even plural. Thus, the framework will help us determine how dual institutional contexts affect management behaviour and logics in diaspora ventures. Although Rana (2014) developed this framework based on the practices of large and medium-sized local companies in Bangladesh, the findings from Rana (2014) can be used to gain insight for our study.

There are six factors within management style that can be examined. We discuss these from the perspectives of both contextual settings, i.e. Bangladesh and Denmark. However, the findings presented below relating to Bangladeshi and Danish firms' practices will provide us with an understanding of the overall management styles of firms in these two countries.

1. *Nature of control and decision-making*: Under this category, we illustrate how and to what extent decision-making and control are decentralized. In the case of Bangladesh (in a form of owner-centred management in an entrepreneurial venture), decision-making and control are highly centralized processes (Rana 2014). In Denmark, the business environment is informal and hierarchy is not of great importance in the decision-making process (Josafath 2014). Here, decisions are made in a decentralized process where the gap between managers and subordinates is reduced to allow free communication with each other (Lewis 2006). Bangladeshi companies tend to follow the top-down management style. Top management employees maintain relatively high levels of autonomy, while mid-level and front-level management do the routine jobs and are expected to carry out directions (Rana 2014).
2. *Impersonality of authority and subordination relations*: The major questions commonly asked in this category are: (a) To what extent do managerial hierarchies coordinate and control economic activities through impersonal/formal procedures? (b) To what extent is the coordination and control system based on

personal/informal shared values, commitment, and relational mechanisms? (c) To what extent are long-term employment practices used? In Bangladesh, managerial hierarchies coordinate and control the economic activities of the organization through formal procedures, the organization itself is centrally directed and the strategic decisions are made by entrepreneurs. As there is a low/medium level of trust and a high authority distance in formal relationships, an informal relationship within the formal authority relationship is important (Rana 2014). The biggest difference between administrative and entrepreneurial managers is their behaviour in different situations. In contrast, the Danish culture is a classic example of a low power distance society—managers show concern for employees' well-being and interact directly with them (Josafath 2014). According to Rana (2014), both long- and short-term employment are evident in Bangladeshi organizations. In most cases, promotion and incentive packages are not well documented or relationally applicable. In contrast, short-term employment is commonly practiced in Danish firms, while the determination of promotion and incentive packages is standardized up to a certain level, although individual incentives are negotiated at the personal level. Short-term job-orientation in Denmark is stimulated due the institutional support given during the unemployment period (the 'flexicurity' model commonly practiced in the Scandinavian context).

3. *Delegation of tasks, skill and role specialization, and individualization:* The major question we ask here is to what extent individual task allocation based on skill is preferred, as opposed to teamwork. There is a clear contrast between Danish and Bangladeshi firms in terms of task allocation, due to institutional differences. Danish firms prefer team-based work, and thus task allocation is primarily based on team competency and relevance, while Bangladeshi firms tend to allocate tasks based on individual competency and trustworthiness (Rana 2014). Though entrepreneurial managers have a strong action orientation, they also need to be differentiated in terms of innovators (who are very creative but typically low in action orientation) and executors (who are typically not creative, but very active) (Hortoványi 2012). Danes are problem-solving oriented and want the best solution for themselves and their business partners. They will always try to achieve a win-win situation (Josafath 2014).
4. *Decentralization of operational control and level of work group autonomy:* The major question to be examined here is to what extent directly controlled supervision is preferred, as opposed to responsible autonomy. In Bangladesh, decentralization of operational control over the work in large firms can be characterized by a combination of 'direct owner control' and 'managerial control'. Since large firms are family owned, it is common for owners to have direct control over their operation, but the extent of control or centralization by owners varies from firm to firm. However, small firms in Bangladesh have a common practice of direct owner control and less autonomy for employees (Rana 2014). Danish business structures tend to be decentralized, with executives fulfilling the role of team leaders, encouraging employees to take on active roles (Josafath 2014). Managers usually ask their team members for their opinions and feelings when making decisions, and when a decision is made it can be difficult to change (Josafath 2014).

5. *Distance and superiority of managers:* The extent of the power distance in the hierarchical structure is the main question here. The distance between the supervisor and subordinate in the workplace of a Bangladeshi company is high. The manager is expected to give directions to the subordinates. A little consultation is allowed, but it is generally believed that subordinates should not argue with the decisions/directions of the manager (Rana 2014). This is due to the high power distance and hierarchical nature of the society. Usually, subordinates are afraid of the boss, so they follow directions in order to be perceived as loyal and obedient. Managers are never involved in the tasks that subordinates carry out, not even if problems arise. Managers prefer to keep their distance from the subordinates. They usually do not admit to any limitations that they may have (Rana 2014). In contrast, in the Danish context, the distance between the supervisor and subordinate in the workplace is low (Josafath 2014). The Scandinavian management style includes the idea that feelings should not influence decision-making, but at the same time values respect for others' feelings and conflict avoidance (Clausen 2006).
6. *Extent of employer-employee commitment and organization-based employment system:* In Bangladesh, employees are recruited through a formal recruitment procedure, particularly for mid- and front-level management, although social networks and family relations also affect the recruitment process (Rana 2014). Importance is also placed on social networks and personal connections for the recruiting process. Firing employees is not well received in society and affects the reputation of the firm. However, commitment between employees and owners is not very high due to poor management and the high level of authority hierarchy within management. Danish firms, in comparison, maintain a higher level of commitment towards their employees due to legal obligations and strong employee unions. Firms tend to prioritize social relationships and networks in appointing people, especially in small firms, which is similar to Bangladesh.

5 Methodology

We employ the multiple case study method and the in-depth interview technique to collect data from Bangladeshi diaspora-led micro-small-medium enterprises in Denmark. This technique is suitable to capture the reality of dual and cross-institutional settings (Ghauri and Firth 2009). Given the research aim, i.e. understanding how institutional conditions shape motivational factors and management styles of Bangladeshi diaspora-led medium-small-micro enterprises in Denmark, we focus on exploring logical relationships among multiple phenomena and factors stemming from institutional conditions, particularly the distant institutional context, entrepreneurial behaviour, and management styles. In particular, we investigate the relatively complex relationship between institutional factors and entrepreneur behaviour and decision-making in the COR context. This is a seminal work as no similar study in the past has covered such depth and breadth of understanding of the relationship between entrepreneurship and institutionalism,

particularly institutional distance. We consider it an exploratory study that will lay the foundation for future studies on transnational diaspora entrepreneurship, management, and institutionalism.

5.1 Selection of Cases and Data Collection

In total seven cases were selected (see Table 3) based on three predefined characteristics: firstly, the ventures should be established and managed by Bangladeshi diasporans in Denmark; secondly, the ventures should have existed for varying lengths of time; and thirdly, the entrepreneurs should have different lengths of stay in the COR, with different educational backgrounds. The goal was to achieve diversity in entrepreneurial phenomena, management styles, and institutional characteristics in order to find a logical relationship between transnational diaspora entrepreneurship and entrepreneurial success. In Denmark, Bangladeshi diaspora entrepreneurship possesses dual characteristics in terms of when they came and why they came; one group of diaspora came to Denmark in the early 1980s for settlement/works, while the other group of entrepreneurs came after 1990s for education and afterwards decided to settle. Their numbers are not very large, and thus are manageable from a research perspective. Due to sharing similar ethnic backgrounds with the researchers, this group of diaspora entrepreneurs provides an ethnic network for data collection and trust building, providing rich data for an in-depth study. The major growth businesses of Bangladeshi diaspora entrepreneurs in Denmark are restaurants, multi-store shops, and cleaning companies. We have covered these three types of businesses in selecting cases so that we can access rich data on these different types for theorization. We have concealed the names of these companies in order to ensure confidentiality (see Table 3).

The venture names were collected from the diaspora network and social networks in Denmark, as there are no official data on diaspora entrepreneurship in terms of ethnic background. Eight interviews were conducted with diaspora entrepreneurs during the period of April–May 2016, totalling ten hours. In the case of C5 there were two interviews, as this was an entrepreneurial couple.

A detailed questionnaire template was developed based on different factors of motivation, management style, and institutional conditions; however, the interviews themselves were open-ended and semi-structured. We asked ‘what’, ‘to what extent’, ‘how’, and ‘why’ questions based on the questions listed in the template. Very often, we asked supplementary questions for clarification; we wanted interviewees to give elaborate answers with examples. Often we discussed the positive and negative aspects of the entrepreneurial processes of the Bangladeshi and Danish styles and later asked for the judgments of the interviewees. All interviews were either recorded or annotated in notebooks and were conducted in the native Bengali language. This indicates the degree to which connections to the COO still persist.

5.2 *Level of Analysis*

Following the qualitative data analysis technique, as suggested by Miles and Huberman (1994), we employed three stages of analysis for the empirical data, namely data reduction (i.e. data organizing and coding), data displays (i.e. structuring, clustering, presenting), and conclusion drawing/verification (i.e. understanding the meaning and underlying principles, and developing patterns, explanations, and relationships).

We used two levels of analysis. First, we focused on understanding motivational factors and types of management styles in entrepreneurial ventures. Second, after categorizing these in terms of different typologies of motivation and management, we linked them with institutional characteristics of both the COO and COR to explain why something happened as they happened. At this level of analysis, we combined both micro- and macro-level analyses. This allows us to demonstrate a logical relationship among entrepreneurship, management, and institutional conditions.

6 Analysis and Discussion

Our analysis and discussion is presented in two sections: first, ‘diaspora entrepreneurs’ motivation’, and second, ‘diaspora management’. A logical explanation of the institutional conditions of the COO and COR with regard to diaspora entrepreneurs’ motivation and management is presented throughout the analysis and the discussion.

6.1 *Diaspora Entrepreneurs’ Motivation*

Bangladeshi diaspora started coming to Denmark after the liberation war of Bangladesh in 1971, particularly during the early 1980s. The major motivational factors for Bangladeshi diaspora entrepreneurs are personal, social, and self-employment with financial security (see Table 4). Financial security is the most dominant motivation; however, other important factors have been found, such as business achievement, independence, and intrinsic and job security factors. The reason financial factors dominate is that Bangladeshi diaspora came to Denmark with educational backgrounds from the COO that were not well received in the Danish labour market. These backgrounds were mostly non-technical; thus, their education did not fit with the skills, cultural intelligence, and aptitudes required for the job market. It is also true that they did not have adequate language skills and social networks at the initial stage, at least during the first 3–4 years, which put them in a disadvantageous position for finding a good job in Denmark.

In recent times, even though some diaspora have come under the Green Card scheme, legal requirements do not allow them to become involved in entrepreneurship, despite adequate skills, talents, and motivation. This legal barrier often

Table 4 Cross-case analysis—factors in motives and themes of Bangladeshi diaspora

Case	Years of doing business	Factors of motivation	Emergent motivational themes
C1	5 years	ISFS, WACL, IAW, ISW, SRS, ELT, HI, and HNS	FM, SM, and SRM
C2	4 years	ISFS, WACL, SRS, BFRR, and HNS	FM, SM, SRM, and BM
C3	3.5 years	ISFS, WACL, IAW, SRS, LJO, and RD	FM, SM, SRM, and BM
C4	18 years	ISFS, WACL, IAW, SRS, LJO, and RD	FM, SM, SRM, and BM
C5	1.5 years	ISFS, WACL, IAW, SRS, BFRR, LJO, RD, and MO	FM, SM, SRM, and BM
C6	4 months	ISFS, WACL, HI, IAW, SRS, LJO, BLS	FM, SM, SRM, and BM
C7	17 years	ISFS, WACL, IAW, RD, and MO	FM, SRM, and BM

Abbreviations of the factors of motivation: *ISFS*—income security and financial success, *WACL*—work achievement, challenge, and learning, *IAW*—independence and autonomy of work, *ISW*—involvement with social work, *SRS*—social recognition and status, *ELT*—enjoying more leisure time, *HI*—high income, *HNS*—high networking scope, *BFRR*—business-friendly rules and regulations, *LJO*—lack of job opportunity, *RD*—removing dissatisfaction, *MO*—market opportunity, *BLS*—better life style

Abbreviations of the emergent motivational themes: *FM*—financial motive, *SM*—social motive, *SRM*—self-realization motive, *BM*—business motive

motivates immigrant diaspora to aim for low value added work in order to survive, and afterwards, when they are allowed to do so (that is, after becoming a permanent resident or Danish citizen), they tend to set up ventures in similar or different areas but with different levels of value addition. Such conditions motivate them to try entrepreneurship, mainly for financial security and self-employment. However, this is not the only condition; we present the entire scenario below (see Table 5).

Our in-depth interviews reveal 13 important factors of motivation for Bangladeshi diaspora entrepreneurs. These are: (1) income security and financial success, (2) opportunity for high income and achievement from one’s own work, (3) encountering new challenges and thereby learning something new, (4) having complete independence and autonomy in work, (5) opportunity for social recognition and status, (6) lack of job opportunity in Denmark, (7) opportunity for social work by providing new job opportunities to both locals and fellow country-people, (8) enjoying more leisure/free time, (9) opportunity for building local networks, (10) Denmark’s business-friendly regulations, (11) ‘opportunity for doing something that diasporas like most, thus removing dissatisfaction’ from previous job, (12) can achieve a better life style, and (13) a ‘new market opportunity—because Danes cannot do something that diaspora can offer’ (e.g. Bangladeshi food).

Instead of discussing all 13 factors of motivation, we have grouped them into four broad categories: financial motives, social motives, business motives, and self-actualization motives (see Fig. 1). The next analysis links the discussion of these

Table 5 Dominant factors by entrepreneur’s personal background

No.	Education	Years of living in Denmark	Previous occupation	Personal background
C1	PG: BD	25	Business	SW, S, B
C2	UG: BD	16	Job	W&B
C3	PG: BD	30	Business	W&B
C4	PG: BD	25	Job	W&B
C5	PG: BD, IRL, DK	5	Job	BF, S
C6	PG: BD, DK	18	Job	W&B
C7	PG: BD, DK	16	Job	W&B

Note: *B*—business, *BF*—business family, *BD*—Bangladesh, *DK*—Denmark, *IRL*—Ireland, *PG*—post graduate, *S*—sports, *SW*—social work, *UG*—undergraduate, *W&B*—work and business
 Source: based on interviews

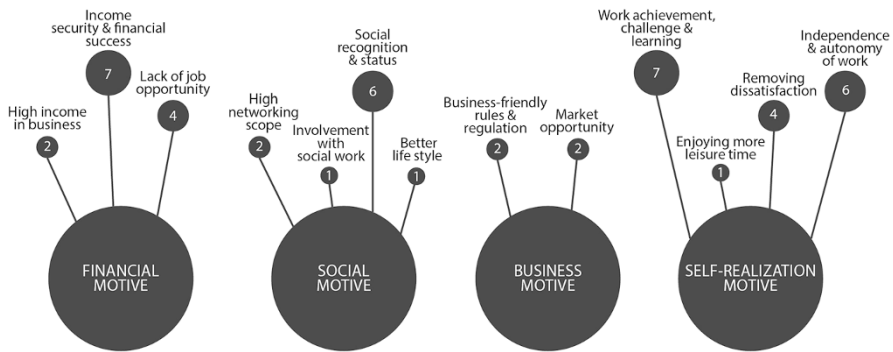


Fig. 1 Motivational categories of different factors. Source: Based on interviews

four motivational categories with entrepreneurial types. The figure illustrates the importance of various motivational factors under each category based on the interviews.

6.1.1 Factors of Motivation and Entrepreneurial Typology

In general, the modal factors of motivation under the four categories are income security and financial success (see the size of the bubbles in Fig. 1), social recognition and status, work achievement, and independence and autonomy of work (see Fig. 1).

Our case studies reveal four main factors that drive necessity entrepreneurs: income security and financial success, high income in business, removing dissatisfaction, and lack of other job opportunities. Most of the diasporans’ coming from distant cultures and institutions tend to face similar conditions in Denmark; thus, they become necessity entrepreneurs. However, over the course of time, many necessity entrepreneurs become opportunity-driven or eye-catcher entrepreneurs

due to the changing conditions of their internal capabilities, financial status, and life style, which eventually alter their motivations.

Our study includes only two opportunity-driven entrepreneurs (C-2 and C-5), who said they became entrepreneurs because of (1) business-friendly rules and regulations and (2) market opportunity. However, the underlying fact is that both entrepreneurs were working in similar types of business ventures (the food business) when they came to Denmark, and, over time they became financially strong while at the same time fostering the dream of creating their own ventures. Thus, when C-2 suddenly had the opportunity to buy a pizza restaurant, as his friend was selling it off, he jumped at the chance to start his own venture. C-5 had had previous experience in the restaurant business from his family background in Bangladesh. In Denmark, he worked in an Italian restaurant chain for 2 years before he became an entrepreneur. He saw rising opportunity for restaurants in Denmark and dreamt of establishing one focused on Indian food. As he was still an employee at the Italian chain, he asked his wife to take the driver's seat at the new restaurant, keeping himself in disguise while still providing all the necessary practical support to establish the restaurant. The new restaurant was registered under his wife's name, and she manages the entire operation. She is a graduate in marketing from a Danish university; thus, it was rather easy and thrilling for her to use all the marketing and management knowledge she had learned at the university in the new venture. This was the beginning of their entrepreneurship.

In a true sense, both of these entrepreneurs (C-2 and C-5) managed to grab emergent opportunities because they had a dream to create own ventures, previous experience and knowledge, and the financial solvency to create new ventures.

However, for C-5 it was the beginning of their (the husband and wife team who run the venture) entrepreneurial journey. Later on, C-5 managed to convince his Italian employer to create a new restaurant under the umbrella of the Italian food chain, because the Indian food window at the Italian restaurant chain had experienced a rise in the number of customers. However, by this time, his Italian employer could see that his (C-5) wife's restaurant had become a competitor to their Indian-food window; thus, C-5 made a deal with his employer to create a new restaurant on a partnership basis and was willing to merge his wife's restaurant with the Italian food chain. His creative strategy brought a rapid increase in growth for their start-up Indian restaurant. This positioned C5 as both an opportunity-driven and eye-catcher type of entrepreneur, at least within the context of the Bangladeshi diaspora community in Denmark.

Venture Age and Motivation Venture age does not correspond to the time-length of diaspora residence in Denmark. Therefore, we look at diaspora residence in Denmark because this allows diasporans to develop contextual intelligence over time, and helps us to understand the overview of a venture's growth and the reasons behind it. We found three types of venture in terms of age. C-5 and C-6 fall into the first category—new ventures that are less than 2 years old; however, C-5 managed to have the highest growth. In the second category, growing ventures, are three firms: C-1, C-2, and C-3, which are between 3 and 6 years of age. The third category is that of established ventures; these are C-4 and C-7, which are more than 15 years old. In-depth interviews reveal that entrepreneurs with young ventures (0–3 years old)

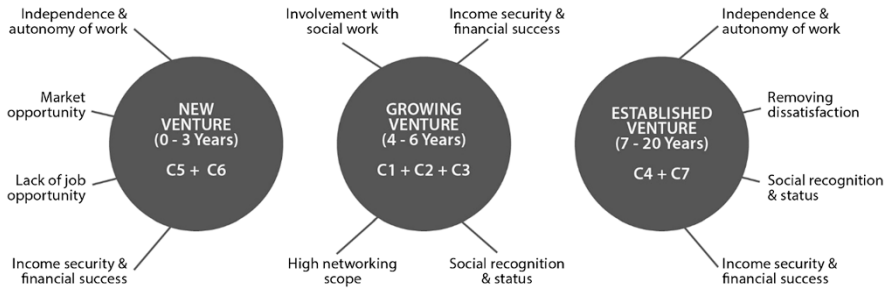


Fig. 2 Major motivational factors by venture age and types. Source: based on interviews

tend to be motivated by a lack of job opportunities, income security, market opportunity, and independence of work (see Fig. 3). This is typical because these entrepreneurs are relatively new to entrepreneurship in Denmark and they have had a hard time finding a good job with financial security. Although C-6 had lived in Denmark for a relatively long time, he was never happy with the job he was doing, because his academic background and aspirations did not match the nature of his job nor the financial return. His inability to find a job better suited to his interests was partly due to the language barrier and differing cultural intelligence, which put C-6 in a disadvantageous position for finding a good job in the Danish labour market.

Entrepreneurs with 3- to 6-year-old ventures have been living in Denmark for a relatively long time and thus have different motivations, such as being involved in social work, having a higher degree of networking scope, and social recognition and status, although financial security and success remain important. At this point, diaspora entrepreneurs' cognition possesses dual aspirations for, firstly, social status/identity in their own Bangladeshi community as well as the mainstream Danish community, and secondly, building a social network with an aim to grow the venture or do something great in the future for purposes of self-realization.

Entrepreneurs with established ventures of more than 15 years tend to have a unique motivation, removing dissatisfaction. This means they do business to please their minds, making them free from the anxiety of searching for jobs, creating new start-ups, and losing in life. Thus, they are no longer necessity driven; rather, they want work that they enjoy and that gives the freedom to maintain a healthy work-life balance. To our understanding, this sort of motivation stems from Danish social/institutional logics and the condition of social security in which diaspora have lived for a long time (Fig. 2).

Diaspora Background and Motivation As self-motivation is highly influenced by individuals' backgrounds and personal psyches, we depict a short overview of the diaspora entrepreneurs' backgrounds, linking them with the motivation factors. Our case studies find an interesting relationship among venture growth and education, family background, and sports involvement.

Firstly, our data reveal that entrepreneur's educational background has a direct relationship with venture creation and growth in the Danish context. Six out of the eight diaspora entrepreneurs have a master's level education from Bangladesh, but the most interesting point is that four diaspora entrepreneurs (C-5, C-6, C-7) have further education from Danish or European universities; this provided them with the personal confidence, cultural intelligence, and relatively higher embeddedness for entrepreneurial success in Denmark.

Secondly, family background with a similar business provided the competitive advantage to learn quickly; thus, venture creation and growth were relatively faster than for other entrepreneurs. For example, C-5 has a family background in the food business in Bangladesh, while he was educated in Ireland and his wife was educated in Denmark. They learned the tricks of this business very quickly due to their previous experience with their family and their work in the Italian food chain for about a year. Their education from Denmark and Europe helped them to integrate that knowledge with the Danish context very quickly.

Thirdly, involvement with social activities and sports provided an opportunity for diasporans to develop social capital, including social networks and cultural intelligence in the Danish context. Later, this cultural intelligence acted as an internal resource for creating and growing the venture. Two high-performing ventures, C-1 and C-5, have strong involvement with sports in Denmark; C-1 is passionate about social activities and various sports, such as football, cricket, and hockey. He has been a sponsor and player of a cricket club in Copenhagen since his arrival in Denmark. C-5 is a pool champion and became involved in a pool club in Aalborg soon after he arrived in Denmark, and he regularly attends various pool tournaments. These entrepreneurs' social and sports associations played a vital role in helping them develop local networks in Denmark.

Based on in-depth interviews with these two high-performing entrepreneurs, we postulate that personality determines the passion for sports, social work, meeting people, and making friends that provides an opportunity for diasporans to develop social capital and cultural intelligence in the COR. In addition, higher education and language skills in the COR supplement entrepreneurial capabilities to create and grow ventures in the COR context. These two characteristics thus help reduce the institutional distance in diaspora entrepreneurship in the COR, particularly in Denmark.

6.2 Management of Entrepreneurial Ventures

By nature, the seven entrepreneurial ventures investigated are labour intensive, meaning that direct labour input and employee management are critical success factors for the ventures. However, they are also low value added and require strong customer relationship management. Thus, management factors are important and of interest for this type of entrepreneurship. The common understanding from this study is that diaspora entrepreneurs have mixed types of management in Denmark, combining both Danish and Bangladeshi styles; however, we do not necessarily

Table 6 Cross-case analysis by management style of Bangladeshi diaspora entrepreneurs

Case	Management type
C1	DCM, TDC, LEP, ITA, MFRE and SEEC
C2	DCM, TDC, LEP, ITA, MFRE and SEEC
C3	DCM, TDC, ITA, MFRE, SEEC and SEP
C4	DCM, TDC, LEP, ITA, MFRE and SEEC
C5	DCM, TDC, ITA, MFRE, SEEC and LEP
C6	DCM, TDC, ITA, MFRE, SEEC and SEP
C7	DCM, MFRE, SEEC, RA, SEP and ITA

DCM—decision is centrally made, *ITA*—individual task allocation, *LEP*—long-term employment practice, *MFRE*—maintaining friendly relationship with employee, *RA*—responsible autonomy, *SEEC*—strong employer-employee commitment, *SEP*—short-term employment practice, *TDC*—top-down control

Source: Based on Interviews

generalize our findings, but rather illustrate them as an insight for future study. A detailed accounting of management factors is presented below (see Table 6), followed by a discussion.

Our study finds that most entrepreneurs use a form of owner-centred management in their ventures. The owner is the driver who sits at the wheel, making decisions and controlling everything in a centralized manner. Danes follow a decentralized process when making decisions that is generally the opposite of the Bangladeshi style. Only C-7 follows the decentralized decision-making process and relies on subordinates to decide on the spot. This entrepreneur took his MSc education in business management from the University of Southern Denmark, which helped him shape the management style for his venture, remaining close to the Danish way of giving his subordinates more autonomy to make decisions.

In the case of individual task allocation or team-based work, all the entrepreneurs follow individual task allocation methods in their ventures, which is a typical characteristic in Bangladeshi firms (see Rana 2014), as opposed to teamwork, which is common in Danish organizations.

Regarding maintaining relationships with employees, Bangladeshi diaspora entrepreneurs tend to maintain very friendly and personal social relations with them, treating them as family members. This clearly indicates a pattern from the collective society, a paternalistic role that is common in Bangladesh, unlike in Danish organizations. However, simultaneously, diaspora entrepreneurs tend to expect a hierarchical distance from subordinates during work. To give a clarifying example: one of the entrepreneurs developed personal social relationships with all of the employees of his venture, both European and Bangladeshi. In Bangladesh, social relations of this sort with the owner motivate employees, particularly in SMEs, and thus help to maintain trustworthy relations and a high commitment between employer and employees. Despite personal social relations, employees in Bangladeshi firms tend to maintain an authority distance due to normative pressure in the context, which has a high authority hierarchy. This did not happen in the

venture in the Danish context; rather, the owner failed to maintain manager-subordinate relations with the Bangladeshi employees in his venture, which eventually culminated in misunderstandings and conflicts of emotion.

As far as employer-employee commitment is concerned, all the entrepreneurs maintain a strong commitment to their employees, which is common in Bangladesh. Moreover, all the entrepreneurs recruit employees through social networks, which is very common in both Denmark and Bangladesh. However, it is also true that these types of small and micro ventures do not use formal recruitment processes. High commitment leads Bangladeshi diaspora entrepreneurial firms to follow long-term employment practices, as is common in Bangladesh, but rare in Danish organizations. Finally, it is evident that the COO and COR institutional characteristics shape the way Bangladeshi diaspora entrepreneurs manage their ventures.

7 Conclusion

This study uncovers characteristics from dual institutional contexts that influence diaspora entrepreneurial motivation and management. Our findings stress that COR institutional conditions and personal background (e.g. education from both host and home country, previous relevant experience, access to social networks) have a relatively high influence on diaspora entrepreneurs' motivation and their ability to create and grow ventures. This study reports several important motivational factors; we group these into four broad categories: financial motives, social motives, business motives, and self-actualization motives. At the initial stage of living in Denmark, Bangladeshi diasporans tend to appear to be necessity entrepreneurs in terms of their motivations; however, over time they tend to turn into opportunity entrepreneurs and seek opportunities to be eye-catcher entrepreneurs. In the latter stage, they are motivated by new opportunities, social motivation, and self-actualization motives.

In addition to the entrepreneur's previous experience and relevant educational background from the COR, we identify another interesting factor that affects entrepreneurial growth. This study finds that entrepreneurs' passion for and involvement with sports provides them with strong social capital and cultural intelligence, which eventually affect entrepreneurial growth. It is true that this characteristic stems from the Danish institutional environment, where involvement with sports activities and a passion for sports are integral parts of the social discourse and daily routines. Thus, it is easy to make friends and develop networks by being involved in sports activities. Whilst anish society is relatively closed to foreigners/strangers, diaspora entrepreneurs can develop social capital by being involved in sports activities, but this is only possible when the diaspora's background fits with the social discourse (for example, passion for sports) or a diaspora possesses the dynamic capability to change themselves in a way that fits with the COR's institutional context.

This study also finds different dynamics in diasporans' venture management, which exhibits a mixed style combining Bangladeshi and Danish patterns of management; however, this depends on the type of venture and the diaspora

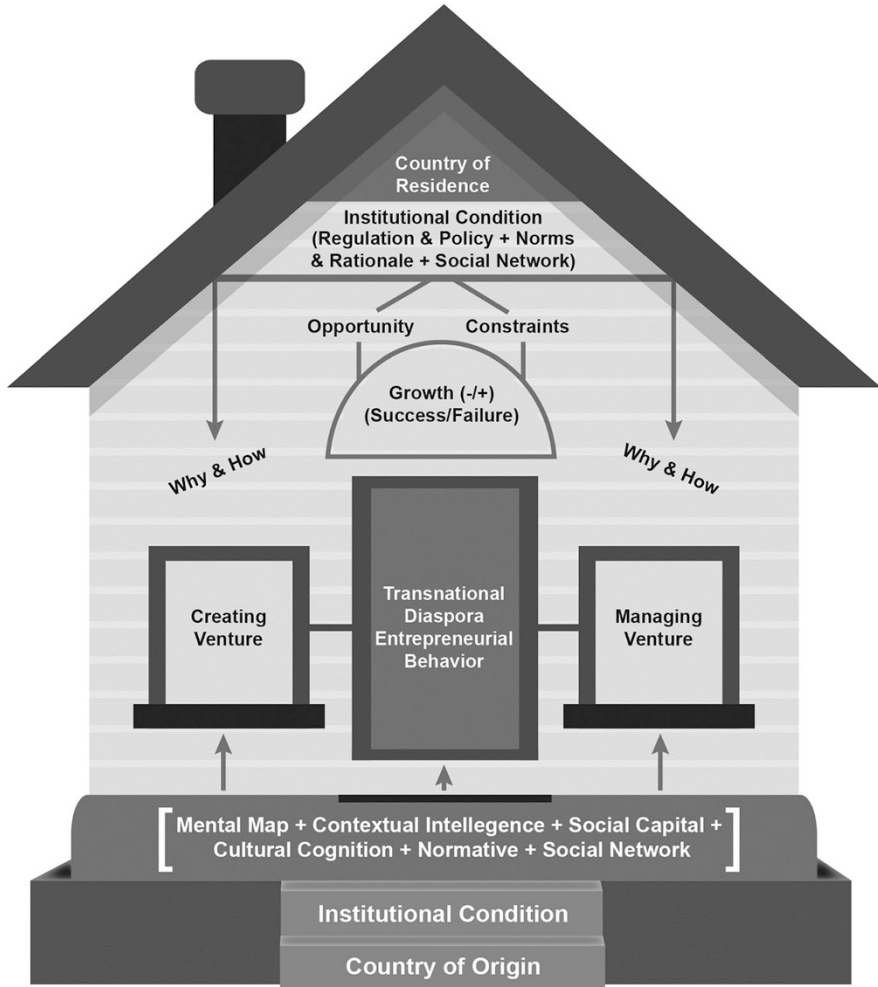


Fig. 3 ‘House Model’ illustrating the dual institutional effects on diaspora entrepreneurial behaviour and management

entrepreneur’s background. We develop a model based on these findings called the ‘House Model’ (see Fig. 3), which encompasses institutional duality to show how and why diaspora entrepreneurs create and manage ventures, and which factors from the COO and COR affect the success and growth of the venture. COO institutions, particularly cognition and cultural intelligence, act as a foundation for diaspora entrepreneurs’ behaviour in the COR. While this foundation may not be explicit, it can affect the motivation and rationales for diaspora entrepreneurs’ strategies. However, the influence of COR institutions is explicitly manifested in entrepreneurial motivation and behaviour, because it is in this context that entrepreneurial actions take place; thus, diasporas’ behaviour needs to fit this context. We therefore use the

metaphor of a house to build an analytical framework through which we can depict diaspora entrepreneurs' behaviour and the institutional phenomena that affect such behaviour. The house metaphor clearly expresses the connotations of our model: the foundation of a house is not seen from outside, though it is the stone on which the visible portion of the house stands.

We acknowledge that our idiosyncratic approach to the institutional distance metaphor/parameter may not be enough to comprehend the complexity of the dual institutional contexts that influence diaspora entrepreneurial motivation and management in the COR. Our study therefore proposes a more complex, multiple-context consideration perspective that includes multiple dynamics of institutions, institutional duality, institutional discrimination, and institutional distance. These factors are inevitable in understanding diaspora entrepreneurship and venture management in a COR context, together with diasporas' individual characteristics. It is true that diaspora entrepreneurs' personal capabilities have a significant influence on the growth of a diaspora venture, but the extent to which these capabilities can impact growth depends on how COR institutions impose constraints and offer opportunities for flourishing diaspora entrepreneurships in a certain context.

Since this was an inductive study of diaspora-driven micro-small-medium enterprises, our aim was to illustrate the exploratory findings on how motivational factors and management styles are shaped by institutional conditions; our study can be a cornerstone for future studies. Policymakers can use the findings of this study in formulating national/regional policies on how to support diaspora entrepreneurship more effectively, which would not only boost entrepreneurial activities but also affect the sustainable growth of diaspora entrepreneurial ventures in various countries that host many refugees and ethnic diaspora communities.

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Emigrants from the Western Balkans: The Region's Money Sacks?



Iris Koleša

Abstract Centuries of emigration from the Western Balkans have had an impact on political, demographic, social, and economic developments in the region. Research on mechanisms, determinants, and particularly the economic outcomes of emigration for both individual countries in the region and the Western Balkans as a whole has been scarce, though. This chapter thus aims to (1) provide an overview of the existing studies and official statistics on emigration from eight Western Balkan countries (Albania, Bosnia and Herzegovina, Croatia, Kosovo, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia, and Slovenia), (2) outline the economic impact of emigration on the region, and (3) set an agenda for future research in the field. The analysis of emigrants' economic engagement in the Western Balkans since transition in the 1990s to date demonstrates that, although the globally dispersed and numerous emigrants from the region seem to remain involved in their countries of origin's economies through foreign direct investment, remittances, and migrant entrepreneurship, the overall impact of the Western Balkan's emigrants on both national and regional economies is limited. Structural obstacles to development are identified as key barriers to emigrants' more notable and impactful economic engagement in their countries of origin and the region as a whole. To substantiate policy that would enhance economic outcomes of emigrants' involvement in the region, further studies of motivation for- and determinants of emigrants' economic engagement in the Western Balkans at both the individual and migrant community levels are needed.

1 Introduction

Between 1990 and 2000, over 10 million people (i.e. approximately 15% of the total population) emigrated from South East Europe (Widgren 2000). Many were from the Western Balkan countries, where—despite mass post-war repatriations (see e.g. Blitz

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1999; UNHCR 2005)—the stocks of emigrants remained substantial and reached around 6 million people in 2015 (World Bank—World Development Indicators 2016). In fact, the Western Balkans are characterised by a long history of extensive migratory movements. Over the centuries, these have been iterating between forced and voluntary; ethnic and labour; legal and illegal; transit, permanent, and more recently also temporary (i.e. incomplete) migration (see e.g. Baldwin-Edwards 2006; Bartlett 2009; Bonifazi and Mamolo 2004; Kupiszewski 2009). The persistent and high cumulative migrant outflows, which have often reached substantial proportions relative to the Western Balkan countries' total populations (see e.g. Brücker 2002), together with emigrants' reluctance to return (see also Nyberg Sørensen 2007), have had an important impact on political, demographic, social, and economic developments in the region.

This chapter focuses on emigrants' impact on the Western Balkan countries' economies. Namely, not only has emigration changed the demographic structure of these countries' populations and has thereby affected their labour markets; the process has also influenced the region through continuous connectedness of sizable migrant communities abroad with their countries of origin. The latter has taken the form of either remittances and foreign direct investments (FDI) or the more active and migrant-controlled entrepreneurial engagement (see e.g. Arandarenko and Bartlett 2012; Kamenjaš 2013; World Bank—World Development Indicators 2016; Zitnanova 2014).

Despite the magnitude of the phenomenon and the various forms of involvement by emigrants from the Western Balkans in their countries of origin, migration in the region has remained under-explored (see e.g. Vukovic 2005). While especially the economic potential of emigrants for their countries of origin has often been emphasised (see e.g. Ionescu 2006; Ivlevs and De Melo 2010; Mountford 1997), not many empirical assessments of the actual impact of migrants on the development of their countries of origin have been conducted. This specifically holds true for the Western Balkan countries. Namely, a vast majority of studies that have been sponsored by international organisations or funded through international or bilateral assistance resemble 'migration monitoring' rather than 'migration research' (Vathi and Black 2007)—leaving the mechanisms, determinants, and outcomes of emigrants' economic involvement in the region largely unexplained. This chapter thus aims to (1) provide an overview of the existing studies and official statistics on emigration from the Western Balkans, (2) outline the economic impact of emigration on the region, and (3) set an agenda for future research in the field.

Eight economies in the region are investigated: Albania, Bosnia and Herzegovina, Croatia, Kosovo, the Former Yugoslav Republic of Macedonia (Macedonia, FYR), Montenegro, Serbia, and Slovenia. Since these countries are highly diverse, they are (for the most part) analysed separately, yet comparatively. With history having a notable impact not only on the current global mapping of Western Balkans' emigrant communities, their extent, level of connectedness, and organisation, but also on the demographic, social, institutional, and economic diversity in the region; the chapter first outlines the three main migration waves from the Western Balkans. An outline of migration from the region is followed by a more general literature review on the

economic potential of migrants for the developing countries of origin. An analysis of FDI and remittance inflows to the region (including the determinants thereof) as well as the region's potential for migrant (both returnee and diaspora) entrepreneurship follows. The chapter concludes with a summary of the most pressing issues limiting the economic impact of migrants from the Western Balkans on their countries of origin and several suggestions for future research.

2 The Western Balkans: A Migratory Hub

For centuries, the Western Balkan countries have been part of different multiethnic states. While between the sixteenth and nineteenth centuries, Albania, Bosnia and Herzegovina, Kosovo, the Former Yugoslav Republic of Macedonia, Montenegro, and Serbia were part of the Ottoman Empire (Jennissen 2011; Zitnanova 2014); Croatia, Slovenia, Vojvodina (an autonomous province within Serbia), and later on also Bosnia and Herzegovina¹ were part of the Habsburg Empire between the late seventeenth and nineteenth centuries (Hewitt 2017; Sked 1989). Throughout most of the twentieth century, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia, Kosovo and Vojvodina as autonomous provinces in Serbia, and Slovenia were also part of the Kingdom of Serbs, Croats and Slovenes—later renamed into the Kingdom of Yugoslavia and the Socialist Federal Republic of Yugoslavia (Clissold 1968; Zitnanova 2014). Disintegration of all these states (both empires fell apart after World War I, while Yugoslavia broke up during the 1990s) resulted in numerous migratory movements (Jennissen 2011): intra-region as well as to countries outside the Western Balkans.

The main *types of international migration* present across the Western Balkan countries over the years have included: (1) forced migration, associated with war and ethnic cleansing as well as human trafficking; (2) voluntary labour migration, frequently related to search for economic survival and accompanied by substantial brain drain and depletion of the skills base; (3) transit migration, which is migration to a 'stopover' country with the intention of emigrating to another country as the country of final destination (United Nations Economic Commission for Europe 1993)²; and (4) temporary or incomplete (circular) migration, during which migrants go abroad for several weeks or months repetitively (e.g. due to lack of stable employment in their country of origin), whereby their economic activity in the

¹By the mid-nineteenth century, the Ottoman Empire became dysfunctional and, while this allowed Serbia to regain its independence, Bosnia and Herzegovina was incorporated into the Habsburg Empire (Hewitt 2017).

²Although transit migration by migrants from the Western Balkans has an impact on the region, it is not analysed separately in this chapter, as data on emigrants' contributions to their countries of origin is limited and not broken down by migrant category. Transit migration through the Western Balkan countries is outside the scope of this chapter, which focuses on emigrants' impact on their countries of origin and not countries of (temporary or permanent) residence.

foreign country remains undocumented and rather insecure (since this is an illegal form of international migration, these migrants do not have access to social services or legal protection in the broad sense) (Baldwin-Edwards 2006; Bartlett 2009; Bonifazi and Mamolo 2004; Kupiszewski 2009; Okólski 2012).

All these types of international emigration from the region have varied in extent through three main migration waves in the Western Balkans:

1. migration before World War II;
2. migration between 1945 and 1990; and
3. migration post-cold war and post-1991 civil war (Schierup 1995).

The first migration wave extended over the longest period—ranging from the time when the region was under the Ottoman and Austro-Hungarian (i.e. Habsburg) rule to the establishment of the Kingdom of Yugoslavia following the end of World War I in 1918 and the subsequent inter-war period. Although state-sanctioned transfers of population to, from, and within the region were common during the Ottoman rule as well as during the rule of the Austro-Hungarian Empire over the region (Zitnanova 2014), more profound emigration from the Western Balkans started relatively late compared to other parts of the Mediterranean Europe.³ One of the underlying reasons for this was the Western Balkans' delayed integration in international economic relations due to a continued strong presence of a rural subsistence economy, which made the region less susceptible to market economy and proletarianisation. This changed with the great European agricultural crisis in the 1890s and during the first decade of the twentieth century, however, when mass migration from the territory took place. According to some estimates, 12.5% of Croatia's and 20% of Slovenia's populations emigrated at the time. In the inter-war period, the mostly economically driven transoceanic emigration, which exploded before World War I, re-erected, but due to new immigration laws in the United States of America, Canada, and Australia did not reach the levels from 1914. In the 1920s, migration flows from Yugoslavia shifted to Brazil, Argentina, Canada, and central and western European countries such as France, Belgium, and Holland, while in the 1930s, emigration from the region was directed mainly towards Germany. Inter-war numbers of emigrants were relatively low compared to emigration from the Western Balkans before 1914, though, and were additionally mitigated by substantial migrant return flows (Schierup 1995).

The second migration wave from countries with planned economies in the Western Balkans took place after World War II and lasted up to the 1990s. During this period, both ethnic and labour migration (re)emerged, with the latter being particularly present in Yugoslavia as the only country with a socialist regime in the entire East-Central Europe to tolerate and even promote economic emigration (Bonifazi and Mamolo 2004). During the 1960s and 1970s, Yugoslavia ranked among the most notable migrant sending territories that supplied north-western and central Europe with workforce crucial for its industrial development: Slovenia and to a certain extent Croatia were particularly integrated into the European

³Excluding the prior Great Migration of the Serbs to Vojvodina in 1690 (Sardon 2001).

international migratory system (Schierup 1995). Once more, the policies to stop immigration, introduced in the major migrant receiving countries, led to a reversal in migration trends. Their effect did not last long, though, as, in the second half of the 1980s, the emigration values in the region grew yet again—also due to the profound economic, social, and political crisis in Yugoslavia (Malačić 1994).

In the 1990s, the Western Balkan countries were deeply affected by the fall of the communist regimes. The break-up of the former Yugoslavia, the related transition processes⁴ and succession wars in Slovenia (1991), Croatia (1991–1992 and 1995), and Bosnia and Herzegovina (1992–1995) as well as the later operations in Kosovo (1998–1999) and the conflict in the Former Yugoslav Republic of Macedonia (2001) (Sardon 2001) led to considerable changes in migration dynamics during the *third migration wave* in the region. Ethnic conflicts resulted in revived forced migrations from the former Yugoslav countries, while the up to 1989 strictly state-controlled migration flows were succeeded by voluntary labour migration (Bonifazi and Mamolo 2004). Subjected to political unrest, economic recession, and a turbulent transition to a market economy, the region namely became a source of circular (i.e. incomplete) (Kaczmarczyk and Okólski 2005; Kupiszewski 2009)⁵ as well as the more permanent labour migrations. Since the late 1990s, these were largely composed of the highly-skilled and well-educated persons, while during the previous waves mainly the unskilled workers migrated (Zitnanova 2014). In Croatia, more than one third of all inhabitants with tertiary education emigrated in 1990 and although this share decreased in 2000, it still remained high at almost 25% of the total tertiary educated population migrating abroad. The Former Yugoslav Republic of Macedonia and Bosnia and Herzegovina both faced similarly large shares of their tertiary educated populations leaving (see Table 1) (World Bank—World Development Indicators 2016). This trend only exacerbated a skills mismatch in the Western Balkan labour markets, which resulted from the economic transition in the region that involved large-scale structural changes through privatisation and enterprise restructuring and led to destroyed jobs in the old state and socially owned enterprises (Arandarenko and Bartlett 2012).

Despite notable labour migrations, ethnic migrations were the dominant migration form during the time—reaching massive magnitudes. By the end of the 1991–1995 war, between 300,000 and 350,000 Croatian Serbs had left Croatia (Ivanisevic 2004), around 2.6 million people (i.e. half of the pre-war population) were displaced from Bosnia and Herzegovina at the end of the 1992–1995 war

⁴Transition to a market economy was accompanied by substantial deterioration in conditions, unrest, and a deep economic crisis, characterised by high unemployment and inflation, a deterioration of health and social services, a decline in living standards as well as a negative natural population growth in several countries in the region (Sardon 2001).

⁵Especially Albania was involved in incomplete migrations before 2000, when measures against such migration flows by the migrant receiving countries (mainly Greece and Italy) were introduced (Baldwin-Edwards 2006). Since incomplete migrations act as an individual's tool for poverty reduction, but do not contribute to a national economy significantly (see e.g. Okólski 2012), they are not addressed in great detail in this chapter.

Table 1 Emigration rate of tertiary educated from the Western Balkan countries in 1990 and 2000 (% of total tertiary educated population)

Country	Emigration rate in 1990 (%)	Emigration rate in 2000 (%)
Albania	15.29	17.46
Bosnia and Herzegovina	23.34	20.30
Croatia	33.65	24.61
Kosovo	n.d.	n.d.
Macedonia, FYR	27.57	29.38
Montenegro	n.d.	n.d.
Serbia	n.d.	n.d.
Slovenia	8.56	10.97

Source: World Bank—World Development Indicators (2016)

(Philpott 2005), while an additional 1.2 million people found refuge abroad (Ivanisevic 2004). In 1998, 350,000 persons fled Kosovo as internally displaced persons or refugees and a year later around 450,000 ethnic Albanians fled Albania. When approximately 600,000 people returned to Kosovo post-war, 230,000 Serbs and Roma fled to Serbia and Montenegro. The conflict in the Former Yugoslav Republic of Macedonia in 2001, moreover, led to an extra 150,000 ethnic Albanians fleeing the country (UNHCR 2001; Sardon 2001; Zitnanova 2014).

Centuries of emigration from the region have left the Western Balkan countries with highly dispersed and significant emigrant communities abroad (see e.g. International Organization for Migration—World Migration 2016; World Bank—World Development Indicators 2016). Migration flows from the region have remained an important factor in the Western Balkan countries' political, social, and economic development to date. The most recent estimates of global migrant stocks from the Western Balkans by the United Nations Department of Economic and Social Affairs (2015) and the World Bank (World Bank—World Development Indicators 2016) show that most Western Balkan countries have migrant populations exceeding 15% of their total populations (see Table 2). Bosnia and Herzegovina and Albania have the largest international emigrant communities both in absolute and relative terms, while Slovenia's migrant community is the smallest—both in number and share of total population, as it barely exceeds 6%. According to the World Bank (World Bank—World Development Indicators 2016) estimates of bilateral migrant stocks from the region, intra-regional migrant flows are still substantial. However, for the most part, they are exceeded by migrant flows to countries outside the region such as Greece, Italy, Germany, Switzerland, Austria, and Turkey in Europe and the United States of America, Canada, and Australia intercontinentally.

To explore the economic potential of these emigrant communities as well as of individual emigrants for the region, I present a theoretic framework on the prospective forms of emigrants' economic engagement in their countries of origin in Sect. 3. The general theoretic framework is followed by an analysis of the actual (region- and country-specific) impact that emigrant communities from the Western Balkan countries have on their home economies in Sects. 4 and 5.

Table 2 Migrant stocks of the Western Balkan countries abroad in 2015

Country	Migrant stock	Migrant stock as % of total population
Albania	1,122,910	27.94
Bosnia and Herzegovina	1,650,772	30.23
Croatia	865,147	16.95
Kosovo ^a	n.d.	n.d.
Macedonia, FYR	516,024	19.89
Montenegro	138,356	18.11
Serbia	964,585	9.83
Slovenia	140,490	6.36

Source: United Nations Department of Economic and Social Affairs (2015)

^aThe most recent data on outward migration from Kosovo dates back to 2013

3 Emigrants' Economic Engagement in the Developing Countries of Origin

Migrants can influence the economic development and growth of the developing countries of origin through either direct channels such as return migration or indirect channels such as diaspora engagement (Oruc et al. 2013). Their contributions can be either monetary or non-monetary and include: inward FDI, remittances, various donations, promotion of (bilateral) international trade and entrepreneurship as well as knowledge, skill, and technology transfers (see e.g. Ancien et al. 2009; Ionescu 2006; Ivlevs and De Melo 2010; Kuznetsov and Sabel 2006). The impact of each of these forms of engagement on an economy varies depending on the individual-, community-, and country-level determinants. This section outlines the main forms of emigrants' engagement in their country of origin's economic development and the key determinants of their success.

Inward foreign direct investments and *remittances* are the two largest sources of external financing for developing countries (Global Commission on International Migration 2005). In 2015, global FDI inflows amounted to 1.76 trillion USD: 35 billion USD of this sum was directed at transition economies (including most of the Western Balkan countries, except for Slovenia and Croatia which classify as developed economies), 765 billion USD was invested into developing economies, and 962 billion USD went to developed economies (United Nations Conference on Trade and Development—FDI/MNE Database 2016). Global remittance inflows, which were increasing exponentially over the past few decades, on the other hand, reached 582 billion USD in 2015 (World Bank—World Development Indicators 2016).

Unlike remittances, which can be directly attributed to emigrants, FDI cannot. Namely, FDI data is not broken down by investor demographics. It is not clear what the investor's educational or professional background is and what their country of origin is (i.e. whether an investor is a 'migrant' or a 'non-migrant' investor). Moreover, for migrant investors the length of time they have spent in both the country of origin and the receiving country is unknown. Which of the two countries the migrant investors identify (more) with, what the level of their success or

integration in the migrant receiving country is, or what the magnitude and type of their involvement in the two countries is also remains unrecorded.

In spite of these limitations, authors have credited emigrants for an increase in FDI inflows to a country of origin, claiming that emigrants can contribute to the latter both directly (i.e. through investing themselves) and indirectly (e.g. by signalling market certainty to other investors) (see e.g. Riddle 2008). In a study covering 102 countries of origin during 1990–2000, Ivlevs and De Melo (2010) showed that an increase in the number of highly qualified emigrants in particular attracts additional FDI to these emigrants' countries of origin. Gillespie et al. (1999), moreover, argued that investments by emigrants to their home countries can be a crucial factor in development of small economies with inadequate infrastructure and unattractive structural characteristics. Emigrants namely perceive obstacles in their countries of origin to have a weaker effect on them compared to the 'competitor' (foreign)⁶ investors, who are (assumably) less familiar with the local business environment and habits (see e.g. Nielsen and Riddle 2010; Tesar and Werner 1995). FDI by emigrants does not imply greater success compared to other foreign investors, however, nor does it imply success and positive economic outcomes in itself. Further research into the motives for- as well as mechanisms and determinants of emigrants' (successful and impactful) involvement in a country of origin through FDI compared to other investors is thus needed—not just for the region but in general.

Similar to the findings on FDI, the findings on the impact that remittances have on the emigrants' countries of origin are also inconclusive. On the one hand, remittances can foster economic convergence by supporting the purchasing power of domestic agents and increasing their economic activities, small-scale investment projects in agriculture or private enterprises of entrepreneurs who would otherwise be unable to obtain credit (see e.g. Taylor et al. 1996a, b; De Haas 2003 in De Haas 2005). On the other hand, they may also artificially sustain excessive domestic demand over lengthy periods of time. The latter outcome usually results from remittances preventing the adjustment of relative prices, distorting resource allocation across economic sectors, and reducing external competitiveness of the remittance receiving economies (International Monetary Fund 2014).

Regardless of their often substantial contribution to GDP (see e.g. Ancien et al. 2009; World Bank—World Development Indicators 2016), neither FDI nor remittances alone are likely to boost the developing countries' economic development (Ellerman 2006; Kuznetsov 2006a). Both namely have a limited effect on an economy if the latter is marked by insurmountable structural obstacles to development. These are often characteristic for developing and transition economies and include: poor infrastructure, corruption, red tape, macroeconomic instability, a non-operative banking system, public policy deficiencies, market failures, barriers to accessing international markets (e.g. trade barriers, inefficient legislative system, and a lack

⁶Migrants' economic rights are usually equalled to those of foreign rather than domestic investors (Kapur 2003) and thus do not provide additional incentives for emigrant FDI. The motivation for the latter is often psychological and highly identity-based (Nielsen and Riddle 2010).

of trust in government institutions), and an unfavourable business environment with various restrictions for non-residents, high taxation, lack of technical assistance, information,⁷ and special investment schemes for individuals (Organisation for Economic Co-operation and Development 2012; Piché and Dutreuilh 2013).⁸ Such developmental constraints not only limit remittance transfers and FDI inflows to a country, but may also make migrant households reluctant to take the risk of investing socially, politically, and financially in their countries of origin—even if the money transfers do occur (De Haas 2003 in De Haas 2005; Ionescu 2006).

Emigrants have some power to improve the business environment of a country, though, by e.g. investing into the entrepreneurial ecosystem (Saxenian 2005; de Haas 2010) or by providing know-how on how the latter is structured and run in their countries of residence (see also Kuznetsov 2006b). Thereby they also act as *facilitators of entrepreneurship* (Organisation for Economic Co-operation and Development 2003). They can similarly perform the latter function by financially supporting entrepreneurial activities of others in their country of origin or by engaging in entrepreneurship themselves: either as returnees or diasporans (see e.g. Taylor et al. 1996a, b; Wahba and Zenou 2012). Wahba and Zenou (2012), for instance, find that returnees are more likely to become entrepreneurs than non-migrants, whereby they compensate for the loss of their original social networks in the country of origin with savings and the human capital accrued abroad.

Involvement in entrepreneurship also does not imply success or noteworthy economic impact in itself, however. Not all forms of migrant entrepreneurship contribute to the economic development of countries of origin: '*Necessity entrepreneurship*', typical among unskilled returnees and motivated by their (potential) unemployment, has a very restricted to zero effect on the economy.⁹ '*Opportunity entrepreneurship*', typical among highly educated individuals with a professional profile that gives them better access to start-up capital from financial institutions and driven by (the recognized and pursued) market opportunities, is much more likely to have a positive influence on the economic development of a country (Chrysostome 2010; Min and Bozorgmehr 2000; Newland and Tanaka 2010). Which of the two forms prevails depends on the (un)favourable economic, political, institutional, and social environment as well as the reasons for individuals' emigration and/or return migration and migrants' features, which are likely to have a decisive effect on the returnees' and diasporans' possibilities for entrepreneurial success in their country of origin (Ruben et al. 2009). Not all returning emigrants or diasporans have the

⁷Many countries of origin cannot (or hesitate to) provide sufficient awareness-raising communication channels or forums of dialogue for establishing a common agenda, and are unable to provide complementary (governmental) social or economic development investments to achieve noticeable impact (Nyberg Sørensen 2007).

⁸An individual's financial and saving behaviour frequently needs to be changed (Ionescu 2006). Due to a need for changing behaviour, which most often takes time and particular effort, remittances may have lagged effects.

⁹Businesses that require little education and low start-up costs usually operate in oversaturated sectors with minimal profit margins (Newland and Tanaka 2010).

capabilities to become successful entrepreneurs (Newland and Tanaka 2010). In addition, their entrepreneurial capabilities, if possessed, may also not be applicable in- or transferable to the home environment (see e.g. Antal and Wang 2006; Oddou et al. 2009). Especially return migrants are often the individuals who had encountered conditions that in essence did not allow them to continue a sustainable livelihood in the host country (Ruben et al. 2009). It is unlikely that these returnees will have a substantial positive impact on the economy in their home country. Supporting creation of (emigrant) firms too weak to survive in a competitive environment may thus distort an economy and exclude the more competitive (non-migrant) businesses (Newland and Tanaka 2010). When developing their economic policies, countries thus need to consider which firms among both migrant and non-migrant businesses are most likely to (significantly) contribute to their economies.

Potential benefits of migration to a country of origin's economy are not limited to monetary contributions, though: They rather include social remittances (of ideas, behaviours, identities, and social capital), technology transfer, political influence, and an increase in human capital either through direct knowledge and skill transfer from emigrants (both returnees and diasporans) to non-emigrants or through increasing investment in education in the country of origin (see e.g. Beine et al. 2001; Ionescu 2006; Ivlevs and De Melo 2010; Mountford 1997; Pănescu 2004; Stark et al. 1997). These contributions are difficult to measure, though, and thus often remain unrecorded.

Prior research has demonstrated that the developmental potential of migration is frequently far from fully realised (De Haas 2005). Whether emigrants' economic potential is realised depends heavily on migrants' motivation and capability to engage in their homelands, whereby individual-, migrant community-, and country-specific factors play a crucial role. At the level of an individual, identity,¹⁰ seniority, financial resources, relevant human and social capital (i.e. networks an emigrant has in both their home and host countries) are key (see e.g. Ancien et al. 2009; Katseli et al. 2006; Kotkin 1992; Kuznetsov 2006b; Law et al. 2013; Rose and Stevens 2004; Rosenzweig 2005). At the level of the migrant community, the size, (skill) structure, and level of organisation of the migrant community are essential. At the country-level, the economic, social, political, and institutional conditions in both the migrant sending and receiving countries¹¹ have an impact on economic outcomes of emigra-

¹⁰Understanding identity is particularly important in economic analysis, as it may explain behaviour that seems detrimental to economic success: Identity may create externalities for others and provoke reactions that affect individuals' own payoffs; it may change preferences and affect economic behaviour, thereby influencing the economic well-being (Akerlof and Kranton 2000).

¹¹Emigrants' capabilities to contribute to the economic development of their country of origin also depend on their level of integration in the migrant receiving country, as the latter impacts emigrants' access to knowledge, skills, and financial resources connected to specific employment (Organisation for Economic Co-operation and Development 2012).

tion for the country of origin (Castellani 2007; Kapur 2003; Organisation for Economic Co-operation and Development 2012).¹²

In Sects. 4 and 5, I focus on three types of emigrant engagement in country of origin's economic development: FDI and remittance inflows along with migrant engagement in entrepreneurship.¹³ I study how these forms of migrant engagement impact eight Western Balkan economies (Albania, Bosnia and Herzegovina, Croatia, Kosovo, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia, and Slovenia) in the post-transition period (i.e. from the 1990s to date). In the analysis, I also consider the most pronounced factors influencing the economic outcomes of each of the three forms of emigrant engagement—mostly at the country level, since data on individual and migrant community levels is limited. Due to limited research on emigrants' non-monetary contributions to the Western Balkan economies, these are only scarcely mentioned in this chapter (as a by-product of FDI and migrant entrepreneurship) and present potential for future analysis.

4 Money: Where Does It Come From and How Is It Used?

4.1 Inward Foreign Direct Investments to Western Balkan Countries

Although former Yugoslavia was relatively open and integrated into international markets, after its break-up in the beginning of 1990s, the Western Balkan countries (with the exception of Slovenia) became rather isolated from the rest of the World. Political instability, ethnic conflicts, war, the related international sanctions against Serbia and Montenegro, trade embargoes by Greece against the Former Yugoslav Republic of Macedonia in a dispute over the country's name as well as inadequate structural changes have slowed down the region's transition to a market economy and its (re)integration into international markets. Albania, which was never part of the former Yugoslavia, was rather isolated even prior to transition taking place and followed a weak integration path into international markets during the transition process as well (Bartlett 2009; Estrin and Uvalic 2015; Sardon 2001; Shimbov et al. 2013; Škabić-Kersan and Orlić 2007).

Foreign investors—discouraged by the political, social, institutional, and economic conditions in the region—started investing into the Western Balkan countries only in the beginning of 2000s, when major improvements in macroeconomic performance and acceleration of transition-related economic reforms were accomplished. Rapid economic growth and an increasing macroeconomic stability,

¹²Democratic, economically productive countries of origin have a positive impact on both migrants' contributions to their development and on migrants' return (Brinkerhoff 2009).

¹³Knowledge transfer and other intangible potential benefits of emigration are not addressed in detail, as further research is needed in the area.

especially important after the episodes of hyperinflation in the 1990s, were interrupted by the global economic crisis in 2008, however.¹⁴ At the time, the region was perceived to be even riskier by foreign investors than prior to the crisis (Botrić 2010).¹⁵ FDI inflows, that had been prompted by privatizations of enterprises and banks in the 2000s, suddenly dropped (Estrin and Uvalic 2015). According to the United Nations Conference on Trade and Development (2010), the largest decrease in FDI in 2009 was recorded in Croatia (the main beneficiary prior to the crisis), where the decline reached 55%, while Bosnia and Herzegovina recorded a 50%, the Former Yugoslav Republic of Macedonia a 40%, and Serbia a 25% decrease in FDI. Albania and Montenegro, on the other hand, recorded increases in FDI in 2009 (see Fig. 1) (World Bank—World Development Indicators 2016).¹⁶ It is not clear, however, whether the negative effect of the economic crisis on investments was distributed equally among both foreign investors residing in countries within the region and foreign investors residing in countries outside the region; or among both foreign investors of non-Western Balkans descent and emigrant investors originating in the Western Balkans region. Further research could shed light on how the country of origin as well as familiarity with- and (cultural, political, economic, etc.) similarities within the region influence investment decision-making during crises.

While between 1990 and 2015, mostly Croatia and Serbia were the recipients of the largest sums of inward FDI, in terms of FDI inflows relative to GDP, Montenegro far exceeded the other countries in the region between 2005 and 2009 (see Fig. 2). After 2009 (following the global economic crisis), however, the country recorded a drop in inward FDI as a share of GDP—but still continued to surpass all other countries in the region (World Bank—World Development Indicators 2016).

Despite some Western Balkan countries having had substantial FDI inflows either in relative or absolute terms [FDI inflows to Montenegro, for instance, peaked at 37% of the country's GDP in 2009 (World Bank—World Development Indicators 2016)], foreign investors have for the large part remained cautious when it comes to investing in the region due to its turbulent history and lagging behind in the application of market reforms (Škabić-Kersan and Orlić 2007). Measures by national governments in the Western Balkan countries to make their economies more attractive to foreign investors have been rather ineffective¹⁷ and FDI inflows have had a

¹⁴The global economic crisis led to a decrease in export revenues, labour remittances, and inflows of FDI. With financial capital being pulled out of the region (Bartlett 2009), the latter became even more reliant on alternative sources such as remittances.

¹⁵By the time of the crisis, growth in the region was mainly driven by global liquidity and unsustainable capital inflows—and not by progress in economic reform (Murgasova et al. 2015).

¹⁶The United Nations Conference on Trade and Development (2010) reports a 39% global FDI decrease in 2009 and a 29% inward FDI decrease in EU comparatively.

¹⁷While it appears that the countries of the region have, at different degrees, all implemented FDI-specific policies, these have been ineffective, since they have not been preceded by the more 'basic' elements of a friendly business environment, such as streamlined business procedures, flexible labour markets, and effective rule of law, which are still largely missing in the region (European Commission 2004).

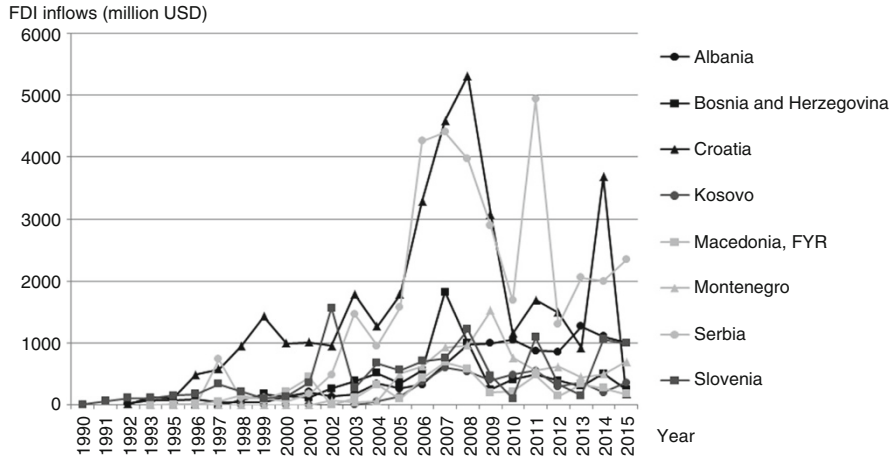


Fig. 1 Net FDI inflows into the Western Balkan countries (1990–2015, in million USD). Source: World Bank—World Development Indicators (2016)

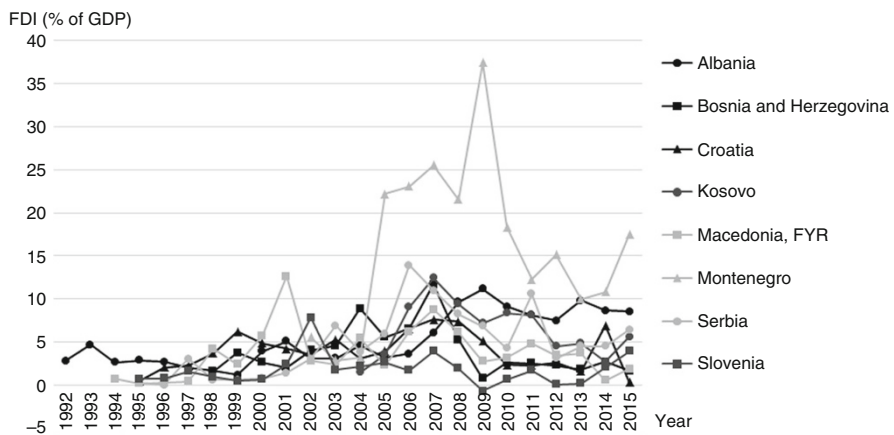


Fig. 2 Net FDI inflows into the Western Balkan countries (1992–2015, % of GDP). Source: World Bank—World Development Indicators (2016)

limited impact on national and regional economies—in both monetary and non-monetary terms.

On the one hand, FDI have not been able to bridge the balance of payments deficit on the current account. These were the highest in 2008 during the global economic crisis—especially in Montenegro, where the deficit equalled 50% of GDP, while Slovenia has had the lowest deficits among the Western Balkan countries between 1995 and 2015 (with interim periods of current account surplus) (see Fig. 3). These deficits have resulted in a correspondingly large accumulation of international indebtedness [external debt for Serbia is the highest in the region and reached 180% of GNI

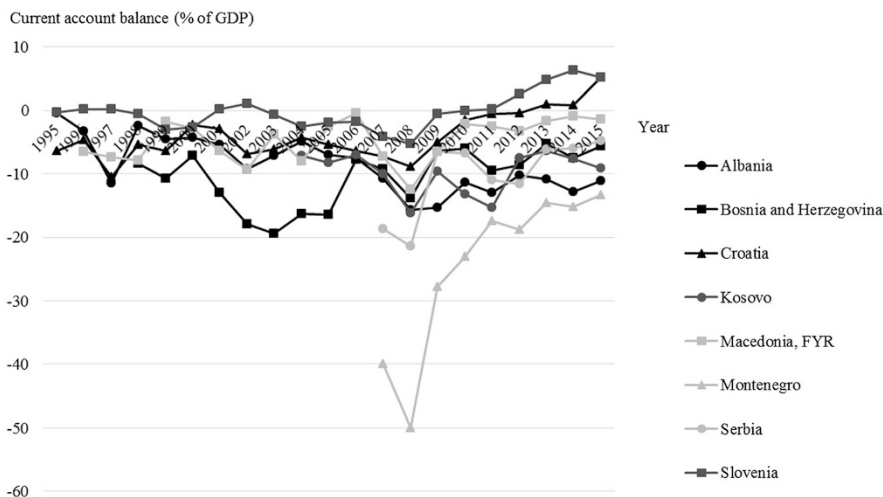


Fig. 3 Current account balance of the Western Balkan countries (1995–2015, % of GDP). Source: World Bank—World Development Indicators (2016)

in 2000 (see Fig. 4)], further reliance on inflows of international assistance or FDI, and vulnerability to external shocks (Bartlett 2009; World Bank—World Development Indicators 2016).

On the other hand, research also shows that there has been a lack of technology and management know-how transfer through FDI (Botrić 2010). Estrin and Uvalic (2015) list the following determinants of low FDI spillover effects to Western Balkan economies:¹⁸ (1) insufficient institutional arrangements; (2) poor infrastructure; (3) lower rankings in higher education and training; (4) low technological uptake and readiness; (5) relatively small and underdeveloped markets; (5) political instability and government ineffectiveness in most Western Balkan countries; (6) poor regulatory framework and ineffective rule of law, whereby (even compared to other post-transition countries)¹⁹ the Western Balkan countries have for the large part failed to successfully deal with corruption; (7) great variety in business environments; (8) low score on EBRD's indicator on competition policy; and (9) the general climate for FDI—also due to stringent and demanding conditionality in the EU accession process pursued by the EU.²⁰ The structure of FDI also has an impact

¹⁸These determinants are not emigrant-specific: They refer to all foreign investors. Further research into the differences in these determinants' impact on migrant compared to non-migrant investors is needed.

¹⁹Sakuma (2014) argues that the transition process in the Western Balkans has not been completed yet.

²⁰Some authors argue that the EU integration process increases confidence and reduces (the perceived) risk related to doing business in Western Balkan countries—giving these countries the opportunity to participate more actively in the international markets and production networks (Shimbov et al. 2013; Škabić-Kersan and Orlić 2007).

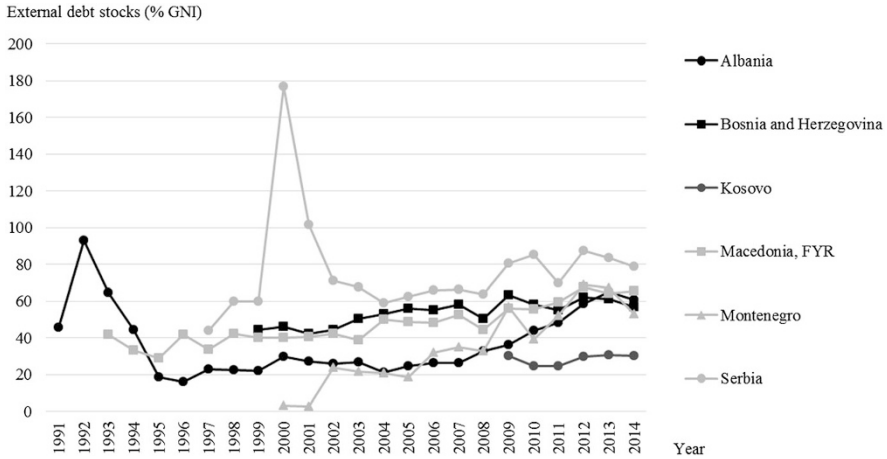


Fig. 4 External debt stocks of the Western Balkan countries (1991–2014, % of GNI). Source: World Bank—World Development Indicators (2016)

on its (lack of) spillover effects: As FDI in the Western Balkans remains mainly efficiency-seeking and oriented to the purchase of shares in existing firms (Škabić-Kersan and Orlić 2007); its developmental impact is limited. In addition, since the bulk of FDI has been in non-tradable services, FDI has not been able to significantly contribute to promoting exports or to industrial diversification and upgrading (Estrin and Uvalic 2015). There are substantial differences among Western Balkan countries in terms of the factors that make their economies more or less attractive to FDI or more or less successful in attracting FDI and achieving FDI spillover effects, however. As most of these factors also influence entrepreneurial activities in the region, they are discussed in more detail in Sect. 5.

Even though FDI cannot be directly linked to emigrants from the Western Balkans, data on bilateral migrant stocks and bilateral FDI inflows to Western Balkan countries does indicate some overlapping between migrant receiving and FDI sending countries (see Table 3) (United Nations Conference on Trade and Development—FDI/MNE Database; World Bank—Migration and Remittances Data 2015). However, the intra-regional FDI inflows are less pronounced than those of remittances, indicating that familiarity with- and similarity to an economy may play a less relevant role in FDI—especially since the latter is mostly efficiency-seeking. Further research is needed, since several FDI source countries outside the region not only have large emigrant communities from the FDI target country but also from other Western Balkan countries. These individuals occur in statistics as part of the group of investors from the migrant receiving country rather than their country of origin, but may decide to invest in a market for completely different reasons—including familiarity, (market or culture) similarity, or even altruism. Shimbov et al. (2013), for

Table 3 Bilateral estimates of migrant stocks, bilateral remittance estimates, and FDI instock for the Western Balkan countries in 2012/2013

Source country	Total population (2013)	Total migrant stocks (2013)	Top destination countries (2013)	Migrant stock in destination country (2013)	Total remittances (2013, in million USD)	Top remittance sending countries (2013)	Remittances (2013, in million USD)	Total FDI instock (2012, in million USD)	Top FDI sending countries (2012)	FDI instock (2012, in million USD)
Albania ^a	2,900,000	1,264,185 (43.59% of total population)	Greece	574,840	1094	Greece	484	3928 ^a	Canada	732 ^a
			Italy	449,657		Italy	395		Greece	679 ^a
			United States	84,665		United States	81		Austria	611 ^a
			Germany	42,102		Germany	39		Italy	481 ^a
Bosnia and Herzegovina	3,880,000	1,699,893 (43.81% of total population)	Macedonia, FYR	25,400	1929	Macedonia, FYR	19	7396	Turkey	365 ^a
			Croatia	499,059		Croatia	538		Austria	1763
			Serbia	298,835		Serbia	301		Serbia	1265
			Germany	166,000		Germany	204		Croatia	995
			Austria	151,700		Austria	186		Slovenia	691
			United States	132,255		United States	169		Russian Federation	621
Croatia	4,260,000	888,219 (20.85% of total population)	Serbia	263,656	1497	Serbia	420	31,946	Austria	10,704
			Germany	230,000		Germany	401		Hungary	4430
			Australia	73,165		Australia	127		Germany	3811
			Slovenia	69,630		Slovenia	115		Netherlands	2527
			Canada	44,918		United States	79		Luxembourg ^b	1902

Kosovo	1,820,000	550,000 (30.22% of total population)	Germany	192,941	1122	Germany	392	n.d.		
			Switzerland	145,882		Switzerland	310			
			Italy	44,706		Italy	86			
			Slovenia	35,882		Austria	70			
			Austria	34,706		Slovenia	67			
Macedonia, FYR	2,070,000	626,312 (30.26% of total population)	Germany	114,083	376	Germany	71	n.d.		
			United States	89,837		United States	58			
			Turkey	83,000		Turkey	45			
			Italy	68,714		Italy	41			
			Switzerland	57,907		Switzerland	37			
Montenegro	620,000	281,812 (45.45% of total population)	Serbia	69,127	423	Serbia	97	4707		
			Turkey	54,850		Turkey	80		Russian Federation	619
			Croatia	39,357		Croatia	58		Italy	572
			Germany	27,162		Germany	44		Cyprus	519
			United States	24,112		United States	40		Serbia	319
Serbia	7,170,000	1,292,910 (18.03% of total population)	Germany	216,000	4023	Germany	695	22,169		
			Austria	132,400		Switzerland	428		Austria	3847
			Switzerland	128,392		Austria	425		Netherlands	3772
			Croatia	118,071		United States	379		Cyprus	3321
			United States	113,812		Croatia	339		Greece	1428
								Slovenia ^c	1173	

(continued)

Table 3 (continued)

Source country	Total population (2013)	Total migrant stocks (2013)	Top destination countries (2013)	Migrant stock in destination country (2013)	Total remittances (2013, in million USD)	Top remittance sending countries (2013)	Remittances (2013, in million USD)	Total FDI instock (2012, in million USD)	Top FDI sending countries (2012)	FDI instock (2012, in million USD)
Slovenia	2,060,000	171,331 (8.32% of total population)	Croatia Germany Austria Serbia Canada	47,768 40,743 18,900 13,762 10,815	593	Croatia Germany Austria Serbia Canada	160 144 67 46 38	15,469	Austria Switzerland Italy Germany France	7395 1339 1079 1015 820

Sources: Statista (2016), Trading Economics (2016), United Nations Conference on Trade and Development—FDI/MNE Database, World Bank—Migration and Remittances Data (2015)

^aData for FDI instock in Albania is for 2011, since there is no data for 2012 available

^bSlovenia ranked 6th among FDI sending countries with 1,205,677 USD invested

^cMontenegro, Bosnia and Herzegovina, and Croatia individually all invested between 110,000 and 567,000 USD

instance, discover that regional ties between the republics of the former Yugoslavia are still very active in trade—even after a decade of wars and conflicts. The importance of these ties may have increased post-crisis due to higher perceived risks by investors from outside the region and the subsequent larger reliance of the Western Balkan economies on intra-regional trade and investments. The same principles might apply to migrant investors from the region, who may induce FDI to flow back to the region as a whole rather than solely to their respective countries of origin. Future research should thus address emigrants' motives for investing in either their countries of origin or the broader region. An in-depth analysis of both the structure of Western Balkans emigrant communities and investors' migrant background in relation to investment decision-making would namely lead to a better understanding of the (changing)²¹ role of emigrants in the countries of origin's and the regional economic development through FDI. As a more direct impact of emigrants can be shown through their remittances to a country of origin, Sect. 4.2 focuses on the analysis of the latter.

4.2 *Remittances to Western Balkan Countries*

One of the characteristics of the external imbalances in the Western Balkan countries is a substantial difference between the current account and trade deficits: Not considering Slovenia, Croatia, and the Former Yugoslav Republic of Macedonia, the difference between the average current account and trade deficits over the 2005–2013 period ranged between 7.2% of GDP in Serbia and 25.2% of GDP in Kosovo. Such a difference can be attributed to remittances (Tunali 2015), which present substantial shares of GDP in several Western Balkan countries: Kosovo (17.5%), Bosnia and Herzegovina (12.3%), Montenegro (10.4%), Albania (9.5%), and Serbia (9.2%) all recorded significant remittances relative to their GDP in 2015 (see Table 4), when total remittance inflows into the region amounted to 11.2 billion USD (International Monetary Fund—World Economic Outlook Database 2016; World Bank—World Development Indicators 2016). Officially recorded remittances present only a small share of private transfers, as measuring the actual flows of remittances remains challenging, though (International Monetary Fund 2014; Kamenjaš 2013). For Bosnia and Herzegovina, for instance, due to the vast use of informal channels of money transfers, there are indices that the real remittance inflows to the country are three times greater than the official estimates (International Monetary Fund 2014).

²¹Ivlevs and De Melo (2010) show that FDI is affected by the length of time an emigrant has spent abroad: Emigrants absent from the country of origin for a longer period of time are less likely to possess information on current investment opportunities in their country of origin compared to emigrants who have just emigrated. This gap is especially evident in developing countries, where political regimes and administrative procedures change frequently, and might provide an explanation for fluctuating FDI inflows (probably also by migrants) to several countries from the Western Balkans.

Table 4 Migrant remittances to the Western Balkan countries as a share of GDP in 2015 (%)

Country	Remittances as a share of GDP (%)
Albania	9.54
Bosnia and Herzegovina	12.52
Croatia	4.33
Kosovo	17.52
Macedonia, FYR	3.42
Montenegro	10.41
Serbia	9.20
Slovenia	1.77

Source: Own calculations based on International Monetary Fund—World Economic Outlook Database (2016) and World Bank—World Development Indicators (2016)

Data on (formal) remittances as a share of GDP indicates that these have fluctuated between 1992 and 2014; especially in countries where remittances presented a large share of GDP. Albania, which was the largest recipient of remittances relative to its GDP between 1998 and 2005, recorded a constant decrease in remittances as a share in GDP. This trend reversed slightly only in 2010—2 years after the global economic crisis. Bosnia and Herzegovina (the second largest recipient of remittances as a percent-share of GDP), on the other hand, has had more stable remittance inflows relative to its GDP since 1999 (see Fig. 5). In fact, most Western Balkan countries have had relatively constant inflows of remittances after the 2008 global economic crisis and several (e.g. Croatia, Montenegro, and Slovenia) even recorded an increase in remittance inflows immediately after the crisis in both absolute (see Fig. 6) and relative terms (see Fig. 5) (International Monetary Fund—World Economic Outlook Database 2016; World Bank—World Development Indicators 2016).

This indicates that remittances present the most relevant source for Western Balkan countries during crises (e.g. during post-war restructuring or after an economic crisis), which can be substantiated by comparing aggregate FDI and remittance inflows into the region: Namely, remittances have become a more substantial source of external financing after the global economic crisis in 2008. The latter resulted in a notable drop in FDI, while remittance inflows remained stable even after the crisis (see Fig. 7) (United Nations Conference on Trade and Development—FDI/MNE Database; World Bank—World Development Indicators 2016).

Similar to data on bilateral FDI inflows, data on bilateral remittance inflows to the region is rather scarce and for most countries limited to the period after the economic crisis. It is thus impossible to draw conclusions on whether remittance inflows into individual countries and the region as a whole have varied in terms of their geographic origin pre-, during-, and post-transition or pre-, during-, and post-economic crisis of 2008 (e.g. whether intra-regional remittances have been more or less affected by the crisis compared to remittances originating outside the region). In addition, while the main remittance source countries for the large part correspond to the countries with the largest emigrant communities from the Western Balkans (see Table 3) (World Bank—Migration and Remittances Data 2015); it is not clear

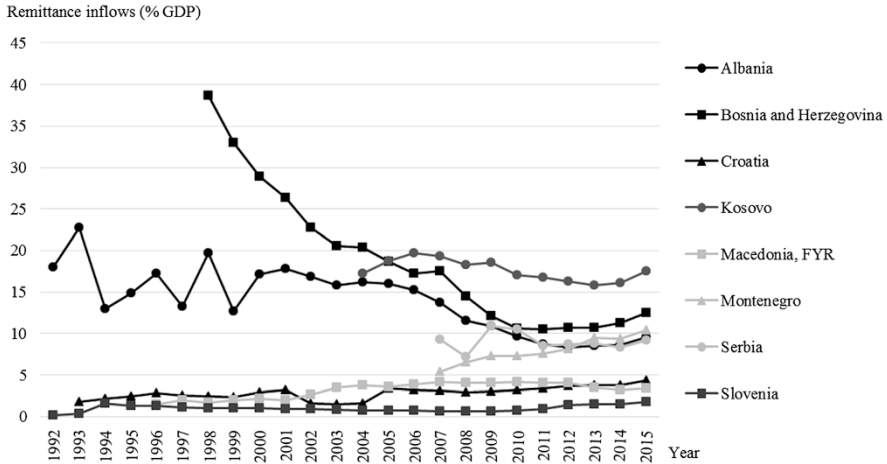


Fig. 5 Migrant remittance inflows to the Western Balkan countries (1992–2015, % of GDP). Source: Own calculations based on International Monetary Fund—World Economic Outlook Database (2016) and World Bank—World Development Indicators (2016)

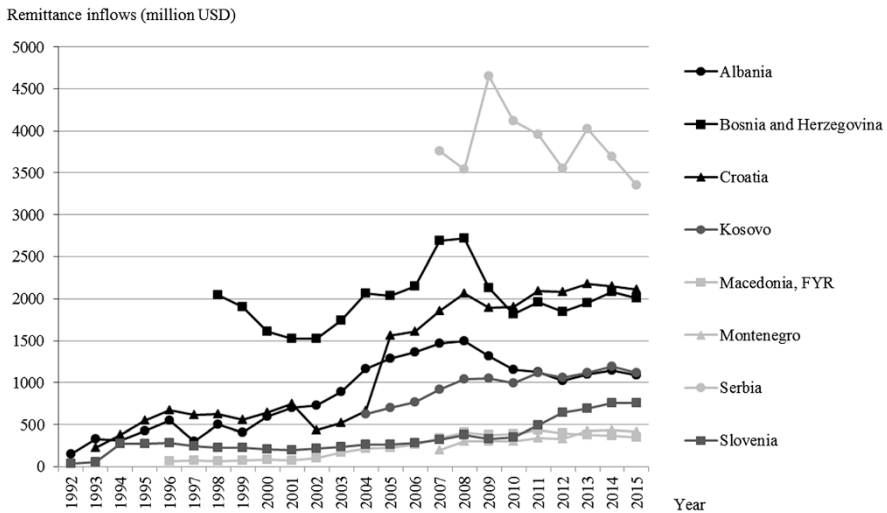


Fig. 6 Migrant remittance inflows to the Western Balkan countries (1992–2015, in million USD). Source: World Bank—World Development Indicators (2016)

who actually remits—and why they choose to do so. Existing data and extant research namely do not reveal whether the countries where the largest emigrant communities from the Western Balkans reside are also the countries where these migrant communities are best organised or comprised of the most successful and/or patriotic emigrants. It is also not clear whether emigrants are part of the first, second

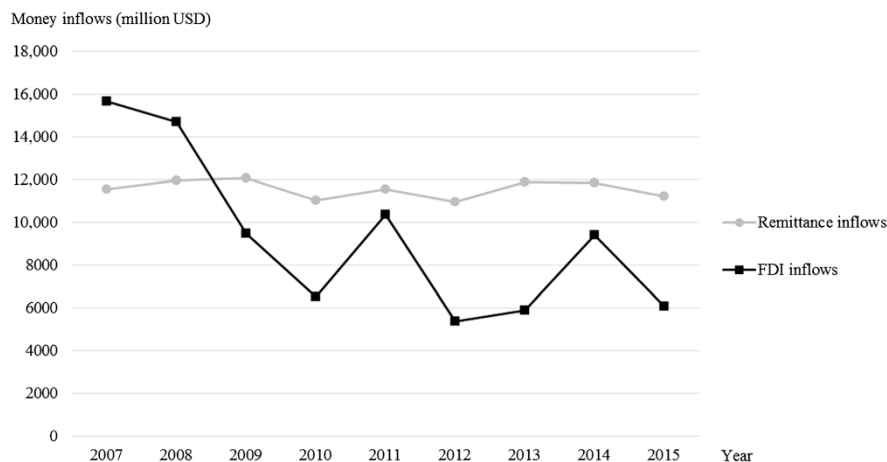


Fig. 7 Migrant remittance inflows and FDI inflows to the Western Balkans (2007–2015, in million USD). Sources: own calculations based on United Nations Conference on Trade and Development—FDI/MNE Database and World Bank—World Development Indicators (2016)

or subsequent migrant generations with more or less tight ties to their families in the countries of origin. Data, moreover, does not disclose how well individual migrants are integrated into their host society or whether they maintain involved in their country of origin through channels other than remittances as well. There are furthermore no controls put in place for the remittance sending country's level of economic development, although the mechanisms and motivation behind remittances sent from the less developed remittance sending countries (e.g. Greece or other Western Balkan countries) may be different from those coming from the more developed countries (e.g. Switzerland, Germany, United States of America). As a result, their economic impact on the emigrants' country of origin may also vary. Further research into emigrants' motives²² and effects of remittances from various sending locations is thus needed—with a particular focus on individual-, migrant community-, and country-level determinants of engagement in a country of origin's economy (not only through remittances but also other forms of involvement) along with the actual impact of emigrants' engagement on the economy.

The effects of remittances on a country of origin may differ based on the category of transactions they belong to as well. *Workers' remittances* are one-way cash and noncash transactions sent by emigrants residing abroad to domestic households without any economic exchange taking place, while *compensation of employees* are earnings of temporary workers who are non-residents in their host countries—and whose earnings are hence presumed to return with the workers upon return migration to their country of origin (see Yang 2011). In all Western Balkan countries, except for

²²For a model of remittance sending decision-making and a classification of remittance sending motives see Docquier and Rapoport (2006).

Montenegro and Slovenia, personal remittances exceed compensation of employees (see World Bank—Migration and Remittances Factbook 2016), which implies that, while in most Western Balkan countries it is the migrant communities residing abroad that send remittances to their home households—most likely for altruistic motives (i.e. current consumption); in Slovenia and Montenegro, migrants who are involved in circular, incomplete migration (and more likely motivated by self-interest), are also an important source of remittances. The motives for the two types of remittance transactions and their economic impact on the region need to be investigated further.

Although remittances in the Western Balkans for the most part substantially exceed FDI inflows (see Fig. 7) (United Nations Conference on Trade and Development—FDI/MNE Database; World Bank—Migration and Remittances Data 2015), present substantial shares of GDP in several countries, and have been relatively stable even through the most recent global economic crisis (World Bank—World Development Indicators 2016); they are unlikely to drive economic development in the region.²³ Research namely shows that remittances to the region are mostly used for smoothing current consumption and have a limited impact on investment—also due to an unfavourable business environment in many Western Balkan countries (see e.g. International Monetary Fund (2014) for findings on the impact of remittances on the Macedonian economy; and Kamenjaš (2013) for findings on their impact on Bosnia and Herzegovina). In addition, individual remittance transactions are usually small in value and (selectively, instead of randomly) targeted at specific households (Yang 2011). Hence, their effect is dispersed and not cumulative, which may also hold true for the Western Balkan countries. Further research on how the remittances in the region are dispersed and subsequently used by their recipients would provide more insight into the economic impact of these monetary transactions on the Western Balkan economies.

With limited FDI spillover effects and remittances directed to immediate consumption rather than investment, most of the Western Balkan countries remain highly reliant on the performance and vitality of *entrepreneurs* who have created new small and medium sized enterprises (SMEs) for economic development and growth (Bartlett 2009). In Sect. 5, I therefore address the question of whether diasporans and returnees play a relevant role in this process as well or whether the Western Balkan countries need to rely mostly on their domestic enterprises for economic development and growth.

²³They may contribute to individual countries' external stability, though: In the Former Yugoslav Republic of Macedonia, remittances are a major source of financing for the large trade deficit, for example (International Monetary Fund 2014).

5 Entrepreneurial Potential of the Western Balkans' Returnees and Diasporans

The 1990s conflicts and an unfinished transition process in many Western Balkan countries have left the region highly uncompetitive. According to the World Economic Forum's Global Competitiveness Report 2015–2016, the countries in the region rank among the least competitive in the World. Bosnia and Herzegovina is the least competitive country in the region (ranking 111st among 140 countries included in the study), while Slovenia (59th) and the Former Yugoslav Republic of Macedonia (60th) rank the highest among the eight Western Balkan countries (see Table 5). The Western Balkan countries in general rank low in institutional framework and macro-economic environment as well as in available business infrastructure. Based on the Global Competitiveness Report 2015–2016, the most problematic factors for doing business in the region include high tax rates and complexity of tax regulations, poor access to financing, corruption, inefficient government bureaucracy, inadequate infrastructure, and policy instability, while several countries are also faced with labour market inefficiencies. Entrepreneurs in Croatia and Slovenia, for instance, face restrictive labour regulations; whereas employers in Serbia and the Former Yugoslav Republic of Macedonia criticize poor work ethic in labour force—and in the Former Yugoslav Republic of Macedonia also the inadequately educated workers (World Economic Forum—Global Competitiveness Report 2015–2016). The entire region is additionally faced with relatively high unemployment rates, ranging between 16% and 28%, with an exception of Slovenia, where the unemployment rate is below 10% (World Bank—Migration and Remittances Factbook 2016). The unfavourable socio-economic conditions are reflected in the opportunity-necessity entrepreneurship ratio, as necessity entrepreneurship in the Western Balkan countries often prevails. According to the Global Entrepreneurship Monitor 2015/16 Global Report (Kelley et al. 2016), necessity entrepreneurship dominates in both Croatia and the Former Yugoslav Republic of Macedonia, while 'push' factors towards entrepreneurship are also predominant in Albania (even more so than in the Former Yugoslav Republic of Macedonia or Croatia) (Bartlett 2009).²⁴

In 2014, Croatia was the Western Balkan country with the highest number of newly established limited liability firms (13,073), while Kosovo and Bosnia and Herzegovina recorded the lowest numbers of newly established limited liability firms with approximately 2100 new firms per country established in 2014.²⁵ The rate of new limited liability firms, on the other hand, was the highest in Montenegro, followed by Croatia, Slovenia, Kosovo, and the Former Yugoslav Republic of

²⁴Kosovo and the Former Yugoslav Republic of Macedonia also have a high share of informal economic activity at 45% and 39% respectively, while this share is substantially lower in Serbia and Croatia (at 18–19%) (Christie and Holzner 2004).

²⁵Because of underreporting of firms that have either closed or exited a market, data on total registered firms may be biased upward and subsequently data on new entry rates may be biased too—especially for developing economies (Trading Economics 2016).

Table 5 Business environment in the Western Balkan countries (main indicators)

Indicator	Country									
	Albania	Bosnia and Herzegovina	Croatia	Kosovo	Macedonia, FYR	Montenegro	Serbia	Slovenia		
GDP per capita (2015, USD)	3965	4198	11,536	3553	4853	6415	5144	20,713		
Unemployment rate (2014, %)	16.1	27.9	16.7	n.d.	27.9	19.1	22.2	9.5		
Ease of doing business rank among 189 countries (2016)	97	79	40	66	12	46	59	29		
Global competitiveness index (1–7) and rank among 140 countries (2015–2016)	3.9/93	3.7/111	4.1/77	n.d.	4.3/60	4.2/70	3.9/94	4.3/59		
<i>Institutions (index/rank)</i>	3.7/84	3.2/127	3.6/89		4.1/52	3.9/70	3.2/120	3.9/67		
<i>Infrastructure (index/rank)</i>	3.6/88	3.1/103	4.6/46		3.8/78	4.0/73	3.9/75	4.8/38		
<i>Macroeconomic environment (index/rank)</i>	4.0/118	4.3/98	4.2/107		5.1/47	4.6/79	3.6/125	4.4/89		
Number of new limited liability firms (2014)	2114 ^a	2192	13,073	2100	5519	2901	8021	6243		
New limited liability firms' entry rate (2014)	1.11 ^a	0.83	4.63	4.27	3.70	6.85	1.62	4.44		

Sources: Kelley et al. (2016)—Global Entrepreneurship Monitor: 2015/16 Global Report; World Bank—Doing Business (2016); World Bank—World Development Indicators (2016); World Economic Forum—Global Competitiveness Report (2015–2016)

^aData for 2013

Macedonia (World Bank—Doing Business 2016). This data does not correspond to the Ease of Doing Business rankings for these countries, indicating that many of the newly established businesses (regardless of their success rate) are indeed necessity enterprises.

There is no data on how many of either the newly established or the already mature firms are migrant- (i.e. returnee- or diasporan-) owned or founded, though, and whether their impact differs from that of non-migrant firms, as research on returnee and diaspora entrepreneurship in the region is scarce. It seems unlikely, however, for diaspora and returnee entrepreneurship to have a notable impact on the region's economies—unless structural changes are implemented. Brad Blitz's (2005) study of Croatian returnees indicated five scenarios of return migration, whereby return driven by entrepreneurial motives was not one of them:

1. return of retirement;
2. resettlement as ethnic colonization;
3. displaced persons and refugees returning from Bosnia;
4. settlement through reposition; and
5. no return.

Moreover, in their study of returnees' entrepreneurship in Bosnia and Herzegovina, Arandarenko and Bartlett (2012) discovered that, despite a large number of potential returnees being interested in starting up a business upon return to their country of origin, the number of those who actually started a business was rather low.

In addition to an unfavourable business environment, migrant entrepreneurs namely encounter several other barriers. These include: unrealistic expectations regarding the business environment and support provided in the country of origin (see e.g. Rispens-Noel and Opiniano 2015); resistance by- or inability of non-migrants to accept new business practices (see e.g. Cerase 1974); and existing (formal or informal) structures trying to protect the power relations in the country of origin²⁶ or dominance of state-owned countries by blocking new business from abroad (including business by returnees and diasporans).²⁷ Furthermore, potential loss of property and/or land rights upon migration (Hammond 1999); absence of social networks and links with national institutions; and difficulties in readjusting to life at home (e.g. to a lower living standard and salaries) can also discourage migrant entrepreneurship (Arandarenko and Bartlett 2012; International Organization for Migration 2012; Totev 2011).

While some of these barriers cease to exist when emigrants opt for diaspora rather than returnee entrepreneurship, as the former type of entrepreneurship does not

²⁶In Serbia, for example, the most successful entrepreneurs to emerge from the 1990s were those with close ties to the regime, who were given informal monopolies (Andreas 2004).

²⁷During (the still uncompleted) transition and privatisation, for instance, government regulation and taxation policies were rather adverse to new SMEs that presented a threat to existing markets and the dominant large enterprises, which were also favoured by local banks for credit approval (Bartlett 2009).

require physical return, (the scarce) research on diaspora entrepreneurship in the region indicates that diaspora entrepreneurs maintain weak entrepreneurial links with their countries of origin. The latter namely takes the form of importing products or employing seasonal workers from the country of origin and branching/manufacturing facilities or providing financial support and investments in the country of origin (Kamenjaš 2013).

Economic impact of migrant entrepreneurs on their home countries in the Western Balkans thus seems to be extremely restricted. Faced with additional barriers compared to non-migrant entrepreneurs and a lack of (both institutional and social) support for establishing new businesses, it is unlikely that returning migrants and diasporans will undertake an entrepreneurial career—unless out of necessity. Further research is needed, however, as returnee and diaspora entrepreneurship in the region are highly under-researched. Not only is it not clear what the motivation for migrant entrepreneurship and determinants of its impact on the Western Balkans' economies are—besides the (unfavourable) business environment—there is also no data on the extent of migrant entrepreneurship's presence in the region. Furthermore, based on the data available, it is not evident whether migrant or non-migrant entrepreneurs have specific advantages over one another (e.g. whether local ties play a more relevant role in entrepreneurial success compared to the financial resources or know-how acquired abroad in Western Balkan countries). These questions thus remain to be answered by future research.

6 Conclusion

This chapter has dealt with the economic impact that emigrants from the Western Balkans have on their countries of origin and the region as a whole. Throughout history the Western Balkan countries have namely accumulated substantial internationally dispersed migrant populations well exceeding 15% of their total populations. Such mapping and a diverse structure of emigrants that includes many of the region's highly educated individuals give the countries from Western Balkans access to markets, capital, and know-how worldwide (see e.g. International Organization for Migration—World Migration 2016; United Nations Department of Economic and Social Affairs 2015; World Bank—World Development Indicators 2016). An analysis of emigrants' economic engagement in eight countries of origin (Albania, Bosnia and Herzegovina, Croatia, Kosovo, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia, and Slovenia) through FDI, remittances or entrepreneurship, however, indicates that the economic potential of the Western Balkan emigrants has remained largely untapped since the transition in the 1990s.

While some Western Balkan countries have had substantial *FDI and remittance inflows* either in relative or absolute terms (see e.g. World Bank—World Development Indicators 2016), these have had a limited impact on national and regional economies: FDI inflows, for instance, have neither been able to bridge the balance of payments deficit on the current account (see e.g. Bartlett 2009; World Bank—World Development

Indicators 2016), nor have they had relevant impact on national and regional economies through technology and management know-how transfer (see e.g. Botrić 2010). In addition, they have proven to be highly susceptible to crises in the region. *Remittances*, on the other hand, have remained stable even during crises (see e.g. United Nations Conference on Trade and Development—FDI/MNE Database; World Bank—World Development Indicators 2016), but as individual transactions have usually been trivial in value, unequally distributed, and mostly used for smoothing current consumption rather than investment (see e.g. International Monetary Fund 2014; Kamenjaš 2013; Yang 2011), their economic impact has been restricted too. Similar holds true for *migrant entrepreneurship*, which—due to unfavourable socio-economic conditions in the region as well as additional barriers imposed on migrant entrepreneurs compared to non-migrant entrepreneurs—is more likely to be driven by necessity and thus have a negligible impact on national and regional economies (see e.g. Chrysostome 2010; Kelley et al. 2016; Min and Bozorgmehr 2000; Newland and Tanaka 2010).

Structural obstacles to development that have resulted from incomplete transition and privatisation as well as perpetual political instability in the region have been identified as key barriers to emigrants' more notable and impactful economic engagement in the region (see e.g. Estrin and Uvalic 2015; Organisation for Economic Co-operation and Development 2012; Piché and Dutreuilh 2013; Škabić-Kersan and Orlić 2007). These obstacles are not emigrant-specific (nor emigrant-related), though, but rather impact economic activity in the respective countries in the region in general. Structural change is thus needed for the Western Balkan countries to become more economically attractive not only to their emigrants but also to other investors or entrepreneurs. For strategies and policies to have a noteworthy impact on *emigrants' economic engagement* in their countries of origin and the region as a whole, further emigrant-focused research at both the country- and regional levels is needed.

Research on mechanisms, determinants, and (particularly the economic) outcomes of emigration in individual countries and the region as well as on emigrants' motivation for economic engagement in countries of origin and/or the region as a whole has been extremely scarce and data on emigrants' economic activity has been too limited to substantiate any relevant policy making. Some of these limitations have been stressed throughout this chapter. One of them is FDI data not being broken down by investor demographics. This makes it impossible to directly link FDI to emigrants or establish patterns in emigrant investment decisions. For example, emigrants from the region residing abroad are recorded in statistics as investors originating in the migrant-receiving rather than the migrant-sending country, although their investment motivation and patterns may be completely different from other foreign investors from the same investment-sending country. Another limitation is related to data on remittances, which fail to record substantial money transfers through informal channels and thereby their true impact on the Western Balkan economies. In addition, remittance data does not capture demographic characteristics of either the remittance-sending individuals and communities or the remittance-receiving individuals or households. Such disaggregation of data could provide further insight into both the motivation for these money transfers and the subsequent use of the resources transferred, as both parties in the transaction have an impact on the economic outcomes of

remittances for the Western Balkan countries. In relation to data on migrant entrepreneurship in the region, data availability is extremely poor: There is practically no data on the presence of diaspora and returnee entrepreneurship, let alone on their economic impact (compared to that of non-migrant entrepreneurship, for instance) in the Western Balkans. Moreover, knowledge transfer through FDI, remittances, and migrant entrepreneurship onto the region remains unrecorded as well.

All these limitations offer researchers *several research avenues to pursue in the future*. At the level of an *individual*, emigrants' motivation and capability to engage in their countries of origin should be explored: Emigrant's identification with the country of origin, the region as a whole, and the receiving country; their seniority (in terms of professional achievements as well as the length of time spent outside a country of origin); financial resources; relevant human and social capital (including the level of integration in the host society) should all be considered as potential determinants of emigrant's (successful) engagement in the Western Balkan economies and the related spillover effects to both the individual countries of origin and the region as a whole. The effect of *emigrant community* (its size, (success and skill) structure, level of organisation, and connectedness to the country of origin and the region) on emigrants' economic engagement and impact in the Western Balkans provides a further avenue for researchers to explore. Economic, social, political, and institutional conditions in *emigrant receiving* (and not just sending) *countries* should also be explored, as emigrants' capacity for greater monetary as well as non-monetary investments may depend on their current location (e.g. larger investments and remittances are probably more likely to originate in developed rather than developing economies where emigrants might be experiencing greater success but at a lower standard; while knowledge and know-how acquired abroad may be more applicable the country of origin—but less revolutionary—if the country of residence is more similar to the home country). Moreover, remittance and FDI target entities or individuals should be investigated, since how they attract as well as use the resources transferred to them has an impact on FDI and remittance economic outcomes in the country of origin too. Comparative studies of migrant and non-migrant economic engagement to establish whether (and under what conditions) emigrants from the region are better equipped to overcome structural barriers in their countries of origin and the region as a whole or even contribute to mitigating them (e.g. through investing in education and trainings) are furthermore encouraged. Since there have been some implications that migrant investors from the region may induce FDI to flow back to the region as a whole rather than solely to their respective countries of origin (similar may hold true for migrant entrepreneurship too), studies of emigrants' regional economic engagement could provide further insight into the rationale and outcomes of region- instead of country-based economic activities by emigrants from the Western Balkans. Finally, emigrants can be engaged in the country of origin and the region through a combination (i.e. a portfolio) of FDI, remittances, and entrepreneurship. Future research could thus focus on the emigrants' 'portfolio effects' on their countries of origin and the region—considering the motives, determinants, and mechanisms for impactful economic engagement through a combination of instruments.

To conclude, the substantial, globally dispersed, and diverse emigrant communities from the Western Balkans that continue to engage with a turbulent and diverse region present an abundance of research opportunities for researchers—and an untapped potential for policy-makers.

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Beyond Remittances: Understanding UK Diaspora Investment Platforms and Networks



Diasmer Panna Bloe and Stella Opoku-Owusu

Abstract Diaspora capital—long framed as personal remittances used for home-country poverty relief and consumption—is now actively pursued as a ready source of investment financing. This chapter examines the topology of diaspora capital and its investment implications. It opens with a survey of theoretical literature on diaspora investment and briefly analyses meanings of diaspora investment, examines structures repositioning remittances as “intermediates” to foster direct and indirect home-country investments, and determines current landscapes of diaspora investment patterns, platforms, and networks. This is followed by a qualitative assessment from structured interviews of seven UK-based collective Sub-Saharan African diaspora investment platforms and networks. The chapter concludes with a synthesis of theory and narratives—emphasising co- and divergences—and a discussion on possible frameworks for understanding diaspora investment organisations and decision-points critical to their success.

1 Introduction

New scholarship is being devoted to understanding the Sub-Saharan African diaspora and their investment motivations and practices (Plaza and Ratha 2011; Ratha 2011). Studies have examined (a) mechanisms facilitating diaspora investment through transforming potential remittances into investment products; (b) roles and quality of formal institutions in understanding their diaspora’s characteristics and

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aligning policy for messaging, diaspora engagement, and sustainable programming; and (c) enabling environments for direct and indirect investments (ICMPD 2016). Other work has incorporated the role of non-institutional mechanisms such as networks and in-person and technology-driven platforms (Leblang 2010).

This chapter examines the theoretical and practical underpinnings of non-institutional mechanisms—diaspora investment platforms and networks that aim to bridge the gaps between diaspora investment interest, knowledge, insight, and action. The chapter is based on a literature review and phone interviews of seven Sub-Saharan African diaspora investment platforms and networks within the United Kingdom. These organizations target Nigeria (2), Rwanda, Sierra Leone, Zimbabwe, Africa, and all international markets, with services spanning from social networks to investment advisory and platforms. The chapter explores the primary research question: *Do current diaspora investment platforms and networks reflect theoretical and empirical research findings in their operations?* Interviews use a program logic model based questionnaire for contextual and experiential detail on the structure of diaspora investment operations and organizations' contexts, influences, and decision making processes. They are then compared to propositions based on published research findings. Results are analysed using qualitative content analysis. Explanatory findings should encourage realistic representations of these platforms and networks, emphasize critical decision points for platform and network success, and gauge their policy impact.

2 Background

Definitions on 'diaspora' and who they are may differ, especially on how they feature in migration statistics. However, there are two principle characteristics that hold true: diaspora lives outside country of origin and diaspora are associated with country of origin (Chander 2001). Therefore, not all migrants are diaspora and not all diaspora are migrants. The African Union (AU) defines the African Diaspora as "peoples of African origin living outside the continent, irrespective of their citizenship and nationality and who are willing to contribute to the development of the continent and the building of the African Union" (Union 2005). Diaspora is rooted in the lived or historical experience of a homeland and dispersion from said homeland (Adeniyi 2016). Whether formed by deracination or immigration, a diaspora is most distinct when maintaining a separate identity within its host country—integrating but not assimilating—and cultivating emotional, financial, political and/or social connections to its homeland (Barnard and Pendock 2013).

The United Kingdom's colonial history and succeeding Commonwealth of Nations has cultivated economic and social connections and intergenerational diaspora flow from around the world since World War II and decolonization. These migrations are attributable to the pursuit of educational, professional, and economic advancement, and, more recently, relief from political and civil unrests and changes in UK immigration procedures. According to the European Commission, by 2014, 8.1% of the UK population were born in a non-member state. Much of the diaspora

within the UK continue to foster connections to their home country, especially through remittances—money transferred from diaspora in host country to residents in home country.

Remittances are a signal of a diaspora's connection to their homeland (Vaaler 2011). Remittances provide immediate help to the poor, especially in times of economic shocks, are more resilient to political upheavals and afford a stabilizing effect for other foreign investors, and fund merit goods like education and healthcare (Nielsen and Riddle 2009). Remittances also finance business investments, especially in countries such as Kenya and Nigeria where over 40% of remittances go towards investments (World Bank Group 2016a, b). Yet, remittance as venture capital proves to be “more of a consolation prize than a fast track to a robust entrepreneurial economy” and its contributions to long-term impact on capacity and local development is more ambiguous and depends on source, recipient, intention, and who is responsible for use (Naudé et al. 2015).

Nevertheless, remittances (and the know-how of diaspora members who send them) are sought to increase Foreign Direct Investments (FDI), enrich domestic investment and capacities, and accelerate internationalization of local enterprises (Javorcik et al. 2011). For sub-Saharan Africa, this shift from remittances for poverty alleviation to investment reflect the policy evolution in home countries; many African countries have transitioned from poverty reduction plans to economic growth and development plans and/or “visions” in pursuant of middle income status. There is special interest in intercontinental remittances, as percentage of remittance spending on education, healthcare, and business investment is higher when received from outside Africa (World Bank Group 2016a, b).

Although there is no official mechanism for recording remittances from the UK, the UK remains one of the largest purveyor of remittances to the world, with outflows of approximately £25 billion (World Bank Group 2016a, b). Black Africans have the highest propensity to remit and the UK-Nigeria remittance corridor leads the way at £3.7 billion in 2015 (Bradatan and Vargas-Silva 2016).

Another sign a diaspora member is connected to his or her homeland is participation in a diaspora network—cultural and familial linkages between diaspora communities in host country and communities in country of origin. In addition to forming and strengthening interpersonal ties, networks also advertise and link investment resources in host countries to productive opportunities within home countries (Leblang 2010). Diaspora networks and its information flow provide tangible benefits such as strategically leveraged formal and informal networks that decrease information asymmetry and related transaction costs and, subsequently, mitigating investment risks in countries of origin. Diaspora networks significantly affect transnational investment (Leblang 2010). A concentrated diaspora heightens this effect as information sharing leads to easier identification of opportunities and successful investment strategies (Vaaler 2013). As a result, networks linkages not only benefit interactions between host and home but within diaspora communities abroad.

Diaspora members active in diaspora networks and exhibiting home affinity, entrepreneurial characteristics, and sufficient capital form an excellent pool of likely

investors. However, there is room for reflection. Research and related scoping studies show important host and home country barriers to successful diaspora investments. These include limited access to appropriate investment finance, business information, business networks, technical capacity, and trusted platforms for investment, and inadequate infrastructure and government policy and practices (AFFORD 2016; Harris and Russell 2016; World Bank Group 2015). There is the risk that diaspora members may view home country prospects too favourably (home bias) and find information to support their narrative, thereby removing their investment advantages (Nielsen and Riddle 2009). Finally, one must consider the diaspora journey, from struggle to success to significance, and incorporate a longitudinal view when assessing potential investment participation and impact (Harris and Russell 2016).

3 Diaspora Investment Landscape

Diaspora investment is any business or financial investment—whether entrepreneurship, portfolio, and/or direct venture capital infusion—between host and home country executed or significantly influenced by a member of the diaspora and implemented according to the intention of the investor.

Diaspora investment stem from diverse motivations, take on many forms, and can be administered through various pathways (Elo and Riddle 2016). Motivations can be non-pecuniary—emotional usually driven by altruism, social driven by a diaspora’s *interest* in investing, or political driven by perception of ethnic standing—and/or about financial profit (Nielsen and Riddle 2009). Diaspora investors’ portfolio optimization most likely include these motivations, with their significant contingent on individual psychological connection to home country, entrepreneurial leanings, general risk perception, and available assets. Investments may be carried out by individuals, families, firms, and/or networks and are heavily dependent on contextual variables in host and home countries (Elo and Riddle 2016). “Individual” investors or entrepreneurs represent single entities (such as a person, family, or firm) and generally invest in a specific venture. Group or sub-group investors are networks of like individuals that, either through a platform, formal, or informal mechanism, pool resources for investment in a specific venture or sector. The heterogeneity within diaspora investment makes it difficult, in practice, to understand investors’ pursuits and provide products that meet their criteria.

3.1 *Diaspora Capital: From Remittances to Investment Financing*

Diaspora capital—long framed as personal remittances used for home-country poverty relief and consumption—is now actively pursued as a readied source of

investment financing. Remittances shift from consumption to venture capital funding where the informal sector exceeds 46% of GDP, particularly when coming from less-educated migrants (Martinez et al. 2015). Also, a significant percentage of remittances are redirected to human capital and general investments (e.g. 85% of remittances received in Nigeria from outside Africa are spent on education, health and investments). As such, policy makers are repositioning remittances as intermediate products that can be used to foster direct and indirect home-country investments (World Bank Group 2016a, b).

According to the United Nations Development Programme (UNDP), systems being developed to exploit remittance pools include primary capital market products—diaspora bonds and equity investment through insurance, pension, venture capital, and impact investing funds; securitisation of remittance flows by investment-grade entities for secondary capital markets; diaspora direct investment analogous to FDI; and remittance services via diaspora banking (UNDP 2016).

An ongoing survey of the Sierra Leonean (SL) diaspora post the Ebola Virus Disease outbreak, revealed the characteristics of post-conflicts/post-humanitarian emergency states' diaspora and their investment habits (Dizo-Conteh 2016). In the Sierra Leone Diaspora Investment and Trade Study, survey respondents exhibited high levels of education and participation in professional occupations, including entrepreneurship, which reflect SL's human capital flight post conflict. Although respondents surveyed annually remit 9000 USD, donate 6000 USD to charities, have visited SL in the past 3 years at a rate of 75%, and have invested in SL at a rate of 40%, systems still struggle to match current investment activity with expressed interest. For example, 5.4% of respondents are currently invested in equity ownership of a company, compared to 56.0% who indicated interest (World Bank Group 2015).

3.2 Diaspora Investment Platforms and Networks

Diaspora investment platforms—primarily digital platforms that facilitate knowledge of, access to, and participation in home-country investment systems—aim to match diaspora investment interest with activity, essentially bridging gaps between interest, knowledge, insight, and action. Although generally spearheaded by a member of the diaspora, platforms administering links among and between investors for diaspora ventures are, typically, financially supported by philanthropy and development organizations, such as the World Bank, Department for International Development (UK), and United States Agency for International Development and routinely adjust course to reflect the realities of the diaspora investment (CIPE Development Blog 2015). Platforms may target general emerging markets (e.g. Movement Capital and Pangea Funds) or can be country specific (e.g. Enaleni Community for the Zimbabwean diaspora).

Platform investors represent particular demographics and featured projects or portfolios are tailored to their preferences. Some platforms target sub-segments not

Table 1 Diaspora investment

Diaspora investment	Mechanism	Purpose	Actors	Types of investors
Platform	Tech-based platforms that facilitate knowledge of, access to, and participation in investment systems	Attract individual or pooled funds for platform or self-generated portfolios	Diaspora founders, development organizations, philanthropists, companies	Individual, group
Network	Social-based space for diaspora members to socially and economically connect to home countries	Facilitate networks for information flow or sharing of resources	Diaspora founders, development organizations, high commission (diplomacy)	Individual

traditionally considered as potential investors (i.e. youth, migrants). Generally, platforms are programed to bundle investments at market scale. It is essential that platforms balance accessibility with profitability and products that interest users, and employ trusted portfolio vetting and performance tools. Starting any investment platform has substantial start-up costs for design, content, compliance, and working capital, among others.

Diaspora Investment networks—multipurpose associations that provide a space for diaspora members to socially and economically connect to home countries—can also act as a physical investment platform. They facilitate forums, conferences, and/or face-to-face meetings to orchestrate relationships and catalyse partnerships. Some networks may provide proposal advisory services to potential investors. At large scale investment conferences, networks often attract high-level ministerial representatives and provide “one-stop-consultations” for any investor with a viable and vetted proposal. Levels of investment readiness among network participants are generally low, with the majority demonstrating latent interest and very few possessing concrete projects (Table 1).

Relatively high start-up costs coupled with the heterogeneity within the diaspora investment space makes it challenging to successfully execute a diaspora investment platform. Platforms struggle to thrive as per their mission and some now seek larger and more established investment opportunities to attract and meet the needs of users. Investment networks also find difficulty in moving a participant from interest to action. Some now incorporate mechanisms such as fee structures to signal participants’ level of interest and readiness and adjust outreach accordingly. Nevertheless, the direct and personal nature of these networks position them to successfully broker discrete, largescale venture partnerships.

The limited success of diaspora investment platforms and networks may also be attributed to postulations that diaspora investment is intrinsically more altruistic and socially responsible than other forms of investment. This remains empirically unproven. Diaspora investors’ motivation to invest may span from altruism—such as investment for social change—to speculation and is heavily dependent on their feelings of satisfaction shaped by lived experiences in their homeland, migration, and

host country (Barnard and Pendock 2013). However, why diaspora invest does not equate to how diaspora invest. They are investors first and seek a return on their investment. A study of Georgian firms discovered that diaspora owned firms were no more likely to demonstrate social responsibility and pro-development behaviours than international foreign firms (Graham 2014). There is also the assumption that members of the diaspora are “super-entrepreneurs”—are more entrepreneurial than average in their host country; provide remittances that can fund home-country start-ups and can provide valuable entrepreneurial skills to home country. Yet empirical evidence shows otherwise. Migrants are no more innovative than domestic entrepreneurs and migrants have less influence on home industry formation than entrepreneurs based in their home country. Evidence on how remittances encourage entrepreneurship is mixed. Migrants do have more on connections to host country and can better leverage these networks for knowledge sharing (Naudé et al. 2015).

4 Diaspora Investment in Action: Case Study of Seven UK-Based Sub-Saharan African Diaspora Investment Platforms and Networks

Within the United Kingdom, there is a growing number of firms whose objectives are to serve diaspora members looking to invest in their countries of origins. To provide comprehensive views and practical insight, AFFORD (African Foundation for Development) performed an explanatory case study using structured program logic model based interviews with representatives from seven UK-based African diaspora investment and/or network organizations (Mills et al. 2012). The primary research question is: Do current diaspora platforms and networks reflect theoretical and empirical research findings in their operations?

4.1 Conceptual Framework for Understanding Diaspora Investment Organizations

The conceptual framework used to understand these diaspora investment organizations incorporated their context and constructs and reflected relevant research and empirical findings (Fig. 1). The framework’s foundation is built on the assertion that diaspora investment is any business or financial investment between host and home country—via entrepreneurship, capital markets, and/or direct venture capital infusion—that is executed or significantly influenced by a member of the diaspora and implemented according to the intention of the investor. Diaspora investment is enabled by diaspora networks—cultural and familial linkages between diaspora communities in host country and communities in country of origin—which generally “advertise” and link investment resources to productive opportunities within home countries; and

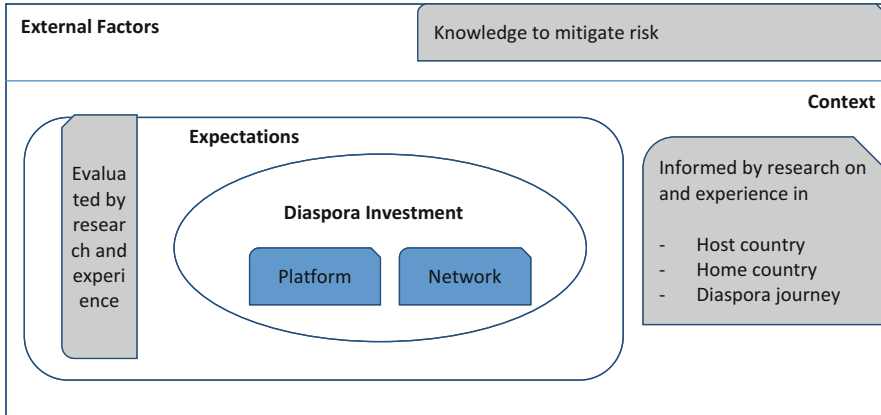


Fig. 1 Conceptual Framework

diaspora platforms—investment ventures that administer virtual links among and between investors who represent diaspora demographics and feature projects or portfolios tailored to investor preferences (Leblang 2010; CIPE Development Blog 2015). Platform mechanisms that facilitate diaspora investment primarily solicit funds for investments but may also promote using remittances and savings for investment products. Investment platforms have substantial upfront monetary costs and are structured based on managerial research and live-experiences, and organizational expectations. In addition, diaspora-specific host and home country contexts, and external factors (such as market cycles and investment and business climates) greatly influence platform viability.

4.2 Methods

AFFORD conducted phone interviews with seven diaspora investment platforms and networks representing the following regions: Nigeria (2), Rwanda, Sierra Leone, Zimbabwe, Africa, and all international markets. Their services spanned from social networks to investment advisory and platforms. Interview questions followed a program logic model structure. Response to the following information points were used for analysis: management structure, resources, programming decisions, activities, outputs, and outcomes; operational expectations, contexts, and external factors; and theoretical and empirical propositions (Table 2). Interviews were explanatory in nature and gathered organizations' lived experiences. This allowed for systematic analysis of different organizations, while acknowledging each organization's uniqueness. Results were analysed using theory-guided qualitative content analysis. Responses (texts) were iteratively analysed for category fit, on both individual (per organization) and group levels (Kohlbacher 2006). Categories and coding rules were developed based logic model themes and propositions, which are based on published research findings.

Table 2 Program logic model, propositions, and theoretical foundations

<i>Program logic model themes</i>	
Organizational structure	Activities implemented
Business case for action	Resource utilized
Programming decisions based on expectations, context, and external factors	Outputs, outcomes, and impact documented
<i>Propositions</i>	<i>Theoretical foundation</i>
1. Organizations represent diasporas with clear and distinct identities that have achieved acceptance	<ul style="list-style-type: none"> – Diasporas greatest advantage occur when identities are maintained and home country connections cultivated (Barnard and Pendock 2013) – Diaspora generally experience a “journey” from struggle to acceptance to success to significance (Harris and Russell 2016)
2. Organizations preferred targets are individuals who are entrepreneurial, investment ready, and have some level of capital	<ul style="list-style-type: none"> – Diaspora members who are likely investors have home affinity, entrepreneurial characteristics, investment readiness, and sufficient capital
3. Organizations target remittances and savings for investments	<ul style="list-style-type: none"> – Diaspora members are generally viewed as “super-entrepreneurs” – Remittances and diaspora saving can be used for direct and indirect home-country investments (Javorcik et al. 2011)
4. Organizations have difficulty moving potential investors from interest to action	Level of investment readiness vary within the diaspora
5. Organizations advertise home country investment opportunities and foster in-person networking and linkages	<ul style="list-style-type: none"> – Diaspora investors’ formal and informal networks within host and home communities are thought to bring benefits that mitigate investment risks (Leblang 2010; Vaaler 2013)
6. Organizations feature projects or portfolios tailored to investors’ preferences and marketed through both profit making and non-pecuniary lens	<ul style="list-style-type: none"> – Diaspora members may view home country prospect too favourably and find information that support their narrative (Nielsen and Riddle 2009)
(a) Projects are more likely to be high-risk and rent-seeking investments	<ul style="list-style-type: none"> – Diaspora investment platforms are difficult to implement due to upfront costs and disparate diaspora investment motivations
(b) Social investments are promoted to “sub-segments”, that bundle their investment for impact at scale	<ul style="list-style-type: none"> – Diaspora members’ motivations include non-pecuniary aspects and their prospective investments are intrinsically more altruistic and socially responsible (Nielsen and Riddle 2009) – Some current platforms target “sub-segments” not traditionally considered as potential investors and use its technology to bundle investments at market scale

Responses were compared to propositions. Findings should lead to better understanding of diaspora investment platforms and networks in actions and decision-points critical to their success (Kohlbacher 2006; Mills et al. 2012; Baxter and Jack 2008).

Although sharing similarities in programming activities, each organization provided different context, including target demographics, diaspora characteristics, home and host country experience, and operational timelines (Table 3).

4.3 Findings

The case study focused on two global and five country-specific diaspora networks and/or platforms (subjects). Six out of seven are diaspora-led, and all organizations work with the African diaspora. Two targeted the Nigerian diaspora and the remainder diaspora from Sierra Leone, Rwanda, Zimbabwe, Africa, and all regions. With the exception of one diaspora social association, subjects described themselves as home-country investment oriented, whether through forming networks for information flow and sharing or creating spaces to attract individual and/or pooled funds for home-country projects. Their structure varied—from two person teams, to flexible contract-based projects, to a medium-sized international consulting firm. Subjects representing Sierra Leone and Rwanda were no longer active.

Subjects used the word “platform” to describe their services—coordinating events, conferences, and “deal rooms” with some web-based information sharing. However, none administered virtual links among and between investors. This supports the proposition that diaspora organizations emphasize marketing home country investment opportunities and fostering in-person networking and linkages rather than implementing diaspora investment web-based platforms. However, three subjects either had considered or are currently considering building a web-based platform to broker and manage investments.

Variables shaping subjects’ operations were: specific conditions that catalyse formation, start-up date, expectations on target demographic, and external (social and political) conditions in home country.

Organizations’ initial missions were generally influenced by home country socio-economic and/or political status. For example, diaspora investment in post-conflict home countries incorporated more social impact language and focus than investment in emerging or frontier contexts. Indeed, identified needs that catalysed organizations’ creation were: personal motivations and understanding first-mover advantage, post-conflict need to increase investment in strategic sectors, difficulty in coordinating private funds at scale, lack of services to meet enthusiasm for diaspora remittances and savings as investment tools, and lack of trusted information and resources to facilitate diaspora investment and return.

These sentiments reflect organizations timelines because as of 2005, there was particular interest from international development agencies and country institutions in repositioning remittances and savings towards investment, increasing returns from investments in developing and frontier markets, African generated diversified economic growth akin to the “Asian miracle”, and the diaspora’s role in achieving these goals. Pioneering *investment* organizations experienced some first-mover advantages

Table 3 Diaspora organizational characteristics

Organizational design	Start	Home country	Why emigrate from home country?	Diaspora characteristics (UK)	Primary partner in UK	Target demographic (UK)
Investment network, social (face-to-face) and web-based platform, promotion, events, match-making	2013	Zimbabwe	Economic shocks Political and social unrest	133,000 Zimbabwean		Lived (first) and next (second or more) generation diaspora and general investors seeking to establish or support commercial (some social) enterprises
Investment network, social platform, using formal and informal networks	2011	Nigeria	Education, political unrest, social oppression	216,000 Nigerians		Lived and next generation diaspora investing in Nigeria
Diaspora, social platform	2005					Lived and next generation diaspora
Investment network, social and web-based platform	2007 ^a	Sierra Leone	Education, social and political unrest/war	25,000 Sierra Leoneans	Int'l development organization	Lived and next generation diaspora
Diaspora, social platform	2010 ^a	Rwanda	social and political unrest/war	4800 Rwandans	High commission	Lived diaspora looking to invest in Rwanda
Investment network, advisory, and platform	2015	International (Africa)	Varied	n/a	Varied	Entrepreneurs (general) seeking to establish or support commercial (and few social) enterprises
Research, investment advisory, promotion, events	2007	Global	Varied	n/a	Varied Int'l development org support	Client-driven (general)

^aNo longer active

such as enthusiastic partner support. Conversely, they incurred steep learning curves and even more costly losses (Boulding and Christen 2001).

Founders' expectation on target demographics' investment motivations and external (social and political) conditions in home country were most influential to subjects' program design and subsequent success. All respondents assumed that their target demographic had high home country bias and yearned to invest in home countries and/or Africa, in contrast to generally seeking viable, profitable investment opportunities. Respondents generally reflect that "better days" were imminent and there was sufficient capital to invest, enthusiasm for services that facilitate investments, plethora of investment-ready opportunities at home, interest to uphold pay-for-service models, and, once created, platforms would "operate smoothly" with ample and trusted information.

Apart from demonstrated home country bias from target groups, expectations were generally inaccurate and most organizations experienced severe funding difficulties. External factors such as home countries' macroeconomic and political environments, home countries' limited capacities to effectively engage investment opportunities, little trust in doing business in home countries, legal requirements from host-country investor protection agencies, and limited empirical research to test expectations meant that subjects faced unclear and daunting pathways to success. For example, most subjects did not have sector expertise—they directed investors towards sectors promoted through formal (government and/or development) or informal (home intelligence) channels. However, subjects have built expertise in developing and managing market research, entry, and investment processes and supporting home country small and medium sized enterprise development. One diaspora organization is building expertise within extractive industries. In general, most subjects learned-by-doing and, in effect, have revised business plans that shift objectives, operations, and expectations to reflect mercurial home country contexts and consumer response.

4.4 Analyses

Contextually, subjects reflected a number of propositions. Country-specific programs represented diaspora with clear and distinct identities that have achieved some level of acceptance within the UK. Naturally, subjects preferred to target entrepreneurial, investment ready individuals with savings and interest in capital market products. However, the entrepreneurial spirit, even within interested diaspora members, was mixed. Some diaspora entrepreneurs were reluctant entrepreneurs, seeking to help family, return home, and/or enhance their social standing and, due to circumstance, see entrepreneurship as an accessible way to achieve their goals.

Subjects targeted both remittances and savings for potential capital. However, there was understanding that remittances were generally allocated for non-investment purposes and persuading diaspora members to redirect funds towards broad, and at times complicated, capital products was problematic. Instead, it may be more

beneficial to focus on diaspora investment capital, including dormant capital—diaspora savings held in host or home country accounts. Capital specifically marked for investments or unmarked for any other purpose represent an important complementary and financial tool that can be sufficiently leveraged for diaspora investments.

Subjects frequently mentioned the difficulty in moving potential investors from interest to action. It is easier to gain the interest of older, lived or first diaspora demographics but harder to get them to invest, in comparison to younger, next (second or more) generation diaspora. Subjects believe home-country experiences, migration narratives, and previous investment failures diminish older generations' risk appetite while younger generation is not party to such contexts. For the latter, interest is gained when unfettered, trustworthy data is provided and viable projects identified. After, the gap between interest and action reduces significantly. For diaspora networks and platforms, this learning has been financially arduous. In time, surviving organizations implemented better alignment of resources to generate profitable outcomes.

Featured projects were few and reflected the low volume of opportunity. With the exception of one organization, subjects generally lacked expertise in sector range, depth, or market breadth, and cannot adequately tailor investments to diaspora preferences. However, subjects noted that many diaspora members approach with project schemes and their job was to facilitate its fulfilment. Although marketed for both profit and non-pecuniary reasons, the majority of subjects said their most active portfolios were commercial (80-20 split). Such projects were high-risk but not by definition rent-seeking, they did not manipulate economic environments to increase investor's current wealth (Akhter and Manzoor 2015). Subjects also observed that social investments were not necessarily promoted but introduced by clients made of a demographic segment seeking assistance to bundle their investment for impact at scale.

Member projects that showed the most promise were led by intrapreneurs—individuals within an existing organization demonstrating entrepreneurship that initiates new business ventures and innovations (Antoncic and Hisrich 2001). This supports research findings that diaspora direct investment also comes from diaspora intrapreneurs at executive level positions who link their firms with opportunities in their homeland (Rodríguez-Montemayor 2012). Diaspora members are significant assets to FDI domestic industries by facilitating information flow and investment interest within OECD countries (Gormsen and Pytlikova 2012) (Table 4).

5 Discussion

Diaspora investment networks and platforms push investment boundaries in frontier and developing markets. Although structures vary, their decision-making processes reflect first-movers' status. Critical decision points are during an organisation's establishment—where assumptions are made on consumers' appetite for and value assigned to investment products, external factors and related implications, and

Table 4 Propositions’ fit with findings

Proposition	Findings aligned with proposition?
1. Organizations represent diasporas with clear and distinct identities that have achieved acceptance	Yes
2. Organizations preferred targets are individuals who are entrepreneurial, investment ready, and have some level of capital	Yes
3. Organizations target remittances and savings for investments	Yes, understanding remittances are allocated for non-investment purposes, would be arduous to change mind-sets
4. Organizations have difficulty moving potential investors from interest to action	Yes
5. Organizations advertise home country investment opportunities and foster in-person networking and linkages	Yes
6. Organizations feature projects or portfolios tailored to investors’ preferences and marketed through both profit making and non-pecuniary lens	No
(a) Projects are more likely to be high-risk and rent-seeking investments	Somewhat, projects are not necessarily rent-seeking
(b) Social investments are promoted to “sub-segments”, that bundle their investment for impact at scale	No, projects introduced by “sub-segments”

Subjects interviewed represented groups with clear and distinct identities that have achieved acceptance within the United Kingdom. Organizations promoted home country investment opportunities and fostered in-person networking and linkages. Investment managers targeted individuals who were entrepreneurial, investment ready, and have some level of capital to invest, yet had difficulty moving potential investors from interest to action. Divergence from propositions were seen in managers’ views of remittances—its allocation for non-investment purposes and the inefficiency of trying to change mind-sets. It was also difficult for subjects to build a portfolio of projects that could meet the varied needs of diaspora investors. In fact, individuals and groups come to subjects with planned projects

procedures to mitigate risks. As network and platform managers learn-by-doing, there will be success stories as well as significant setbacks.

Organizations at these decision points can be greatly influenced by diaspora research. However, case study subjects’ for-profit leanings may be at odds with general research focus. Diaspora engagement for investment is derived from the international development landscape, which desires inclusivity of under-represented groups (such as low-skilled migrants, remittance senders, and small savers) and both economic and non-economic impact. In practice, demographic targets for actionable investment will not be inclusive. This reflects both the for-profit nature of investments and regulatory safeguards required, for example, by the Financial Conduct Authority and the Prudential Regulation Authority (United Kingdom). In order to practice as a diaspora investment platform, it is compulsory to advertise as an investment broker and management platform, guide the quality of products that

can be marketed to ensure investment risks are comprehensible to all potential consumers, and garnering trust. Therefore, diaspora networks and platforms administering services must reconcile available research and missions of inclusivity with pecuniary objectives and constraints.

Yet, subjects stated that research answering their design questions on the lived experience of potential investors—first and next generation diaspora, diaspora journeys, context affecting interest in and willingness to pay for services and potential to invest, and strategies for mitigating external risks, among others—within host and home country contexts are few. For example, intrapreneurship was an important marker for viable investments with high returns. Research on enabling the participation of diaspora members working in corporations at managerial and executive levels to promote home country investments that spur economic development would be advantageous.

5.1 Implications for Theory, Policy and Practice

Case study findings closely aligned with research and empirical propositions on distinct group identity, level of host—country acceptance of immigrant populations, networks' and platform's objectives, and targeted service users. Divergence from propositions was seen in subjects' views on remittances. Although the correlation between remittance and growth remains tenuous due to the difficulty of separating cause from effect, (World Bank Group 2016a, b) the purported strategy is that remittances should be harnessed for investment purposes. Yet, subjects found remittances were generally preallocated for non-investment purposes and were unable to sway mind-sets towards investment. Subjects believed it cumbersome to build project portfolios to meet the wide-ranging needs of diaspora investors and, in instances when needs are met, to persuade potential investors to action. In fact, all viable projects discussed transpired when individuals and/or groups approached subjects with planned projects. One finding, which supported current research, was the importance of intrapreneurship in developing economically impactful investments.

Whilst stud results match most prevailing theories, the intangible nature of current scholarship renders subjects' decision making to anecdotal rather than empirical evidence. Subjects gave declarative statements on the futility of current strategies and findings pushed by research. In this relatively nascent field, there remains an absence of norms on how to initiate, seek, and/or incorporate research in diaspora investment executive decision making and practice.

Academic and policy researchers have formed a viable topology of and set the tenor for diaspora investment and policy has followed suit. As most country policies stem from the development paradigm, there is overemphasis on the altruistic nature of diaspora investment. Reality paints a different picture of an investment tool rising from disparate home-country relationships, universally driven by profit, structured by regulations, susceptible to market and political forces, and suffering immediate

liabilities for nonpecuniary focus. Success and understanding of its key components, especially for platforms and networks, has been wanting.

6 Summary

Diaspora investments are facilitated by platforms and networks, mechanisms that formally and informally link diaspora members, advertise home country investment opportunities, and broker and manage investment products. These mechanisms, although varying in structure, are significantly influenced by core assumptions made at their origin and the contexts in which they operate. External factors—such as market cycles and investment and business climates—can stall progress. Their decision-making processes are flexible, reflecting their first-movers' status. Without relevant, contextual, and timely research, organizations face unclear and daunting pathways to success. It is therefore crucial that research inform practices of current and future diaspora investment platforms and networks.

AFFORD (The African Foundation for Development) is positioned to bridge gaps between research and industry by: (a) elucidating academic and policy research pertinent to key decision points in platform and network development; (b) commissioning further studies to decipher components of successful diaspora investment platforms and networks globally; (c) encouraging timely and relevant studies to aid managerial practice; and (d) testing and piloting projects based on findings. Study results show that research and practical advice on lived experience of potential investors within host and home country contexts, potential investors' appetite for and value assigned to investment products, external factors and related implications, and procedures to mitigate risks would strengthen diaspora platform and network formation. Most important is to promote and encourage further investigation into components that work—such as diaspora intrapreneurship.

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Business Ethics and Human Rights. The Industrial Involvement in the Embeddedness of the Tibetan Community in Rikon, Switzerland: A Case Study



Marianthe Stavridou

Abstract This case study discusses the complex socio-cultural and political dynamics of the Tibetan Diaspora in Switzerland from a multilayer perspective of history, human rights, law, international business, social and developmental economics. We focus on the village Rikon in Tösstal, Canton Zurich as an example of social embeddedness for refugees driven by the Kuhn-Rikon industry and discuss the conditions under which the Tibetan Community has been embedded and is today considered as one of the most successful diaspora communities in Switzerland. We further discuss social embeddedness and sustainability in the industrial context taking into account controversies and the historic, socio-cultural and political dimensions. This is a desk research.

1 Introduction

In this article, we approach the embeddedness of the Tibetan community in Switzerland. We present the case of Rikon, a small village of the Zurich highlands and discuss the role of the industry Kuhn-Rikon in shaping embeddedness and creating shared values on different levels, nationally and internationally. We approach the issue from a synchronic and diachronic perspective highlighting the fact that the numerous processes and developments that took place shape the presence and future by changing the social and economic reality. In this approach, we understand social embeddedness in the terms of Mark Granovetter (1985) and show how social embeddedness generates common social norms and values in market economies and shape socio-economic relations. We further discuss numerous processes that led to a reciprocal understanding and helped the integration of the refugees in Tösstal and the long term expansion of Kuhn-Rikon in

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Asia, despite the international relations of Switzerland. Finally, we argue that embeddedness creates social and economic linkages that go beyond corporate profits, and that social co-evolution creates a better understanding of corporate human rights-driven approach based on social and economic co-existence.

According to the Federal Statistical Office (FSO), Switzerland has one of the highest proportions of foreigners worldwide: 24.6%, of its population, or 2 Million out of 8.3 Million in 2015.¹ Among the foreign-born population 10.1%, 206,415 have an origin from Asia. Researching social and economic embeddedness of foreign nationals in Switzerland, especially in the years after the WWII is a complicated issue related to the industrial development in the war years. It is also related to the economic relations of the country and its socio-political dynamics that led to the economic boom during the Cold War and to the related immigration inflow. A further issue to face is the lack of information on specific ethnic groups. Regarding the Tibetan community, the lack of information is due to following statistical reasons: (1) Tibet is not officially an independent State but an autonomous region of China and the question of ethnic origin and nationality is under dispute, (2) The Tibetan origin population of Switzerland has either (a) a Chinese passport, or (b) is naturalized Swiss with an immigration background, or (c) have refugee Status, and (3) 600 people are undocumented (“Sans Papiers”) belonging to the so-called “Hardship Cases”.² In this sense, people of the same origin have different statuses and are considered at the same time to be part of different segments of the population. In case of immigrant communities, there is a further delicate issue to discuss despite the social distribution. In Switzerland, the spatial distribution of the refugee population plays an important role to the socialization and the development of the community because of the vast differences in language and culture between the Cantons, the Cities and the villages (urban and rural areas) and in the related school education and the labour market approaches. Such perspectives exceed the frame of this article. In any case, we do not consider that today the Tibetan origin population share the same culture in the different communities across the country because of different schooling, language, and culture of the Swiss native place.³ We consider though that they share a part of the culture that belongs to their common origin and is supported by their networks.

To capture different aspects of the immigration flows of the population, the FSO uses the concept of “population with immigration background” in its statistics,

¹Federal Statistical Office, Section Demography and Migration, 09.02.2017: available: <https://www.bfs.admin.ch/bfs/en/home/statistics/population.html>

²Hardship cases are asylum seekers, dismissed asylum seekers and temporarily admitted individuals who constitute a case of serious personal hardship can receive a residence permit from the canton in which they are living.

³We believe that in Legnau BE second and third generation speaks Bern-German while in Rikon Zurich-German and in Graubünden, Bundner-German and most likely Swiss-Romansh like other inhabitants in the Romansh speaking areas, with possible further cultural implications. Nonetheless aspects of intangible cultural heritage are still dominant such as folklore, oral history and language preservation within Tibetan origin inhabitants like in most immigrant communities with similar characteristics. A further analysis on the aspects exceeds the frame of this article.

which applies also to Swiss nationals abroad. This concept is increasingly replacing the distinction between domestic and foreign nationals, which is based solely on the current nationality of a person and does not reveal whether a person has immigrated himself or whether there is an indirect migration reference due to the migratory experience of the parents. The term “population with an immigration background”, coined by the FSO refers to (a) all persons of foreign nationality, (b) all naturalized Swiss (with the exception of all in Switzerland born naturalized Swiss citizens with parents both born in Switzerland), and (c) native Swiss citizens with parents both born abroad.⁴ In the particular case of the Tibetan Diaspora, the third generation also includes people that belong to the second (b) group and they are not captured by the different statistics on foreign populations, immigrants or Swiss with immigration background.

According to the Tibet Bureau in Geneva⁵ the Tibetan diaspora in Switzerland has as of today approx. 6.000 members. By not being able to resolve the issue of data, this article will use data under restriction focusing on Rikon in Tösstal and the information given by (1) the Municipality of Zell in Tösstal/ZH, where the village of Rikon belongs, (2) the Tibet Institute in Tösstal, and (3) the Kuhn-Rikon industry, which is one of the industrial leaders in the successful integration of the Tibetan Diaspora.⁶

2 Literature Background

Even though the question of Tibet has been discussed and analysed under different perspectives especially in the Anglo-Saxon literature, the embeddedness of the Tibetan diaspora has not been addressed. The literature until now has been designed either for religious or historical purpose and the goal was to confirm the independence of Tibet and condemn China. Kollmar-Paulenz (2006) takes distances from this Buddhism—Tibet oriented historiography presenting in the *Kleine Geschichte Tibets*, a “*Geschichte Tibets jenseits populärer Mythen*”.⁷

⁴Bundesamt für Statistik Sektion Demografie und Migration, 10.02.2017, available: <https://www.bfs.admin.ch/bfs/de/home/statistiken/bevoelkerung/migration-integration/nach-migrationsstatuts.html>

⁵“The Tibet Bureau in Geneva for Central and Eastern Europe is the official representative of His Holiness the 14th Dalai Lama and the Tibetan Government-in-Exile (Tibetan Central Administration) established and based in the Indian city of Dharamsala. The Tibet Bureau was opened in 1964 to provide a better understanding of the situation in Tibet and to draw the public’s attention to the nonviolent struggle of the Tibetan people.” (Own translation from German). The Tibet Office in Geneva, 10.02.2017, available: http://tibetoffice.ch/web/green_book/index.htm

⁶At this point, I would like to extend my gratitude to Dr. Wolfgang F. Aufwarter-Kuhn for his kindness and patience during our 3 hours meeting in his office, on February 7, for answering openly, directly and transparently my questions on the issue and, to Mr. Daniel Obrist, CFO of Kuhn-Rikon for providing related data. Special thanks to Prof. Maria Elo for accepting my contribution and Dr. Sumon Vangchuay for her kind discussion and help.

⁷“A history beyond popular myths” (own translation): p. 10.

As Switzerland is one of the first nations that granted asylum to Tibetan refugees in the 1960s during the Cold War, the historical frame regarding attitudes towards refugees should also be addressed. We discuss Switzerland in the Cold War based on the approach given in Furrer and Gautschi (2017), which analyses the “enemy image” and the political culture of the time. Aspects of the same issue are presented also in several articles (i.e. Ferrero 1999). A diachronic perspective of the Tibetan political movement “Free Tibet”⁸ and its economic implications is only partially discussed in the literature (i.e. Buchser 2010; Huber 2011) as well as the controversies regarding the role of His Holiness the 14th Dalai Lama⁹ and of the Swiss political actors (including the far right party). We present those controversies in describing the different political decisions regarding immigration on both sides (H.H. the 14th Dalai Lama and the Swiss immigration policy).

Due to the lack of statistical information on the Tibetan population in Switzerland and on the financial impact of the Swiss relief work in Nepal, we use indirect information on the development (Kubota 2005; Lindegger-Stauffer 1971, 1988, 2000; Hagen 1994; Huber 2011), newspaper articles as well as the official Diplomatic Documents of Switzerland in order to comprehend the multifaceted relations that led to better embed the refugees in Rikon. In addition, we discuss the role of industrialists in the resettlement of refugees and the role of H.H. the 14th Dalai Lama (i.e. Meier 2013; Gyr 2013a, b) and the contradictions of the Swiss foreign policy regarding immigration (Sheldon 2007) in: (1) serving the industry and (2) following the dogma of neutrality that can sometimes endanger the country’s position in relation to human rights and its public image (i.e. Lindegger-Stauffer 1971; Huber 2011). To show such contradictions, we discuss the actions of the 1967 Swiss Ambassador Rossetti in Beijing in responding to the Protest Note against the laying of the foundation stone of the Tibet Institute in Rikon from the Popular Republic of China based on his report to the Swiss Federal Council.¹⁰ We consider his actions as archetypical and symptomatic for the Swiss foreign policy, and we compare it with the 2017 prohibition of Tibetan anti-China demonstration in Bern during Presidents’ Xi Jinping official visit.¹¹

The role of education in Switzerland is a further indicator for approaching embeddedness. Its relations to ethnicity regarding Tibetan Diaspora have been discussed in Goldstein-Kyaga (1993). This research concludes that “the outcome of education for an ethnic group largely depends on the degree of its control over the institutions of education and political power”, but such conclusion should be considered as partial because it does not compare this outcome with one of Swiss peers

⁸In this article we don’t take any political position in the Tibet-China Issue.

⁹In this article we use the official title of His Holiness the 14th Dalai Lama as H.H. the 14th Dalai Lama.

¹⁰The diplomatic documents of Switzerland, 15.02.2017, available: <http://db.dodis.ch/document/33528>

¹¹We consider that such prohibition at Confederate level violates the Federal Constitution and further fundamental rights (art.16 and art.22): Federal Constitution of the Swiss Confederation of 18.4.1999 (Status of 2016), 15.02.2017, available: <https://www.admin.ch/opc/en/classified-compilation/19995395/201601010000/101.pdf>

in the researched areas. Furthermore, migrants and refugees have a direct impact and control over the institutions and Swiss politics in case they have been naturalized.

The development of Tibetan Medicine, both corporate and academic, is not directly related to the Tibetan community of Rikon, but aligns with the globalization of the Tibetan medicine and its positioning as a global alternative to the Western medicine (Janes 2002). It has a far longer tradition in Switzerland than the Tibetan refugees. However, the quick expansion of the Tibetan medicine, remedies, cultural and medical centres to one of the leading industries in the country have also been supported by the presence of the Tibetan communities. Finally, the development of academic studies in Tibetan linguistics, Tibetan-Buddhism and further cultural studies, have been instrumental for the development of the scientific progress in Switzerland and its international relations.¹² Under-researched remain the question and the legal and financial implications of Tibetica Art Dealing in Switzerland, probably not directly related to this particular diaspora. Even though there is lack of knowledge on networks between Tibetan-in-Exile, Chinese officials, Swiss peers and galleries, we should keep in mind that Art dealing in Switzerland was related to money laundering and terrorism financing and had also an impact to art and cultural institutions and the change of cultural law.¹³

What remains unknown includes the total amount of the diaspora's remittances and the cash flows to H.H. the 14th Dalai Lama's Office, as well as the implications for the case of "Free Tibet" and further Tibetan Diaspora in Nepal, in India and elsewhere. Entrepreneurship in this diaspora as well as its impact on the Swiss economy, almost 60 years and three generations after the first arrival, is also under-researched. For all these reasons, we focus on the role of the industry in the embeddedness of the community in Rikon.

3 The Historical Frame

Switzerland after the WWII, in the backdrop of the Cold War (1945–1989) experienced an economic boom and transformed itself into an economy with a growing service sector that employed three-quarters of the labour force, even though its strength was in the industrial sector. Political factors¹⁴ led the country to pursue a

¹²The University of Bern is the only Swiss University to offer Tibetan and Mongolian studies as a course under the name "Central Asian Studies" in the Institute of the Science of Religions. Its projects include funding of over CHF 1 Million and relations to Russian and Mongolian Universities. University of Bern, 10.2.2017, available: http://www.unibe.ch/news/uniaktuell/the_online_magazine_of_the_university_of_bern/uniaktuell_from_2015/sections/university/an_important_visitor_from_mongolia/index_eng.html

¹³New developments in Giroud and Lechtman (2015), IBA, pp. 1–5.

¹⁴The political representation in Switzerland has started to change with the election of Ernst Nobs, in 1943 that was the first Social Democrat in the Federal Council. From 1959, the four largest political parties permanently divided the seven government seats among themselves in a fixed

policy of strict neutrality between the two blocs of the Cold War, although the country considered itself part of the West in economic, political and cultural terms.

However, Switzerland's foreign policy continued to be shaped by the principle of neutrality and the country established diplomatic relations with the Soviet Union in 1946 and with China in 1950. Furthermore, the Swiss government recognised Tibet as Chinese territory, without participating in the Tibetan Sovereignty debate. The anti-communist consensus across all political lines led the country to remain cold in its relations to the socialist states, even though Switzerland, as a small and open economy, was (and is) dependent on access to foreign markets. The country has gained a certain degree of openness by also being part of "apolitical" organisations, including many sub-agencies of the United Nations.¹⁵ This is one of the reasons why a lot of humanitarian aid organisations were established and supported by the Swiss Confederation¹⁶ and co-existed with national and international Non-Governmental Organisations¹⁷ in the post-war era.

constellation known as the "magic formula": two seats for the Social Democratic Party (SP), two for the Liberal Democratic Party of Switzerland (FDP), two for the Conservative Christian Social People's Party (today's Christian Democratic Party (CVP)), and one for the Party of Farmers, Traders and Independents (BGB, now the Swiss People's Party (SVP)). This constellation remained unchanged until 2003. But aside from internal political shifts this concordance government secured the permanent backing of about 80% of the members of Parliament. Extremist parties like the "over-foreignization party" on the right and the Communist party on the left, were at best able to exert influence through direct-democratic action. Further, the Alliance of Independents, a protest movement to represent the interests of consumers, sometimes garnering as much as 9% of the vote. By the 1980s, as the environmental movement gained momentum and the Schweizerhalle chemical accident, the Greens had established themselves as the largest party outside the government. Switzerland during the Cold War (1945–1989), 11.02.2017 available: https://www.eda.admin.ch/content/dam/PRS-Web/en/dokumente/die-ch-im-kalten-krieg_EN.pdf

¹⁵Switzerland was a co-founder of the European Free Trade Association (EFTA) in 1960, became a full member of the Council of Europe in 1963, and in 1975 joined and became an active member of the Conference on Security and Co-operation in Europe (CSCE, now the Organization for Security and Co-operation in Europe—OSCE). The country stayed out of NATO and the UN, although the UN's European headquarters were (and still are) in Geneva. Foreign policy, 11.02.1017, available: https://www.eda.admin.ch/content/dam/PRS-Web/en/dokumente/die-ch-im-kalten-krieg_EN.pdf

¹⁶1944 the Swiss Donation was founded (today: Swissaid), an association of several relief organisations supported by the Swiss Confederation. 1950 Switzerland supports the «Expanded Program of Technical Assistance» (EPTA) of the UNO and delegates first missions of development experts (Swiss engineers) to countries in Asia and Latin America. 1960 the Swiss Federal Council establish the service for technical assistance («Dienst für technische Hilfe»), 1961 this service has been renamed as "service for technical cooperation" («Dienst für technische Zusammenarbeit DfZ») and in 1968 Switzerland establish the first Cooperation Office in India. Portrait: SDC in brief, 11.02.2017, available: <https://www.eda.admin.ch/deza/en/home/sdc/portrait/history.html>

¹⁷I.e. The Swiss Red Cross was established in 1866 three years after ICRC.

4 Controversies in Politics and Peoples' Feelings

Switzerland has not always welcomed foreigners and refugees with enthusiasm, despite its humanitarian tradition.¹⁸ In the socio-economic context of the Cold War, both internal and external political factors played an important role on who was the *wanted* and who was the *unwanted* refugee in the country (Meiner in: *Buchser 2010*).

Tibetan refugees were part of the *wanted* refugees because of a political and an imaginary reason. Firstly, it was the anti-communist sentiment in the county related to the Chinese invasion of Tibet. Secondly, it was the imaginary idea that Tibetans were “mountain people like us” because of their mountain provenance.

We further observe that the anti-communist sentiment and the idea of “being like us” are also bearing the fear of being “a small country and having to defend itself against the big powers,” the theme of “David and Goliath,”¹⁹ that led Swiss people to accept easily also other refugees with similar characteristics (Furrer and Gautsch 2017, p. 203). The same solidarity with the weak as basis for the positive acceptance combined with anti-communist feelings was also observed in the cases of the Hungarian refugees in 1956 and the Czech refugees after the 1968 Prague Spring (Meiner in: *Buchser 2010*) as well as in the aid for Tamil refugees from Sri Lanka²⁰ or the refugees from Indo-China after the Vietnam war.

Yet, this was not the case for the followers of the socialist Salvador Allende after his overthrow by Pinochet in 1973, because they were regarded as opponents to the Swiss establishment; or for the Jewish refugees turned back in the Basel Border in 1938 out of the fear of “Judaization” and the economic dependency on Nazi-

¹⁸The Swiss Federal Council underlined its willingness to uphold the humanitarian tradition of Switzerland, signing in 1955 the Geneva Convention, which regulates refugee status under international law since 1951.

¹⁹This theme of “David and Goliath” prevailed in the WWII and post-war mentality. Nonetheless, Switzerland as exile hosted different people that were excluded from other countries because of their political or sexual orientation (i.e. Russian revolutionaries, homosexuals, transvestites, European anarchist and unionists. This has come to an end on the period of the cold war (Furrer and Gautsch 2017, p. 203).

²⁰Tamil refugees have similar characteristics to the Tibetan one. Switzerland has about 50,000 Tamils, the majority of whom are from Sri Lanka who have gone as refugees. Temples, cultural festivals, international conferences, seminars and meetings draw a large number of the Tamil Diaspora from other European countries to the various Swiss cities, so much so that it has become the nerve centre of Tamil cultural activism. Tamil language classes, dance and music classes run by voluntary bodies are fast increasing. First Generations of Sri Lankan-Tamils majority work in Restaurant and overtook through their hard work the role as chef cook, Restaurant management, serving Customers. The recognition earned as honest, hard working people throughout the country. Second generation has completed well educated skilled force to Swiss economy, working in finance, bank, Insurance and management. Large community established in Zurich with a place known as little Jaffna, but also in the Cantons Basel, Bern and Geneva. Most of the Tamils do reside in German part of Switzerland.

Germany that totally contradicted the Swiss humanitarian tradition²¹ (Ferrero 1999). A tradition that goes back to a large number of Huguenot refugees accepted in the sixteenth and seventeenth centuries. The warm reception of Tibetan refugees in 1960, in the backdrop of the Cold War, came along with the increasing fear of foreigner infiltration that culminated in 1970 with the Schwarzenbach Initiative.²²

5 Swiss Humanitarian Aid for Tibetan Refugees in Nepal

China invaded Tibet in 1950 following the Communist Cultural revolution and Tibet was forced to give up its independence, which was declared in 1913. After the failed uprising against the Chinese rule in 1959, H.H. the 14th Dalai Lama fled into exile in India followed by ca. 80,000–100,000 Tibetans and established there the Central Tibetan Administration in India.

At the beginning of the 1960s the Swiss Director of the International Committee of the Red Cross in Nepal, the geologist Toni Hagen observed the escape from Tibet over the Nepal Himalayas and started to provide humanitarian aid. He opposed the placement of Tibetan refugees in camps vehemently because “camps could degrade people and take their identity”²³ and warned of the danger of “Palestinaisation.” He contradicted the official aid policy by providing as soon as possible paid work and put the refugees on their feet economically. He also refused to force refugees to dress in the clothes donated from Europe, thereby taking their identity, as he believed. He also believed that it would be better to give refugees the chance to sew their own clothes in their familiar style, and established with the help of the Swiss Red Cross, the Swiss Agency for Technical Assistance and other Organizations a carpet industry in Nepal,²⁴ the Jawalakhel Handicraft Centre (JHC). The project has started as a handicraft refugee project and was developed into the mainstay of Nepal’s economy with total earnings of Rs. 10 billion (Nepalese rupees) in 1993, but is declining the last 20 years.²⁵ However,

²¹Switzerland accommodated approx. 60.000 refugees during the WWII. They were mainly Jew, Roma, Sinti and Jenisch populations threaten by the Nazi Germany.

²²In 1970 the far-right wing politician James Schwarzenbach forced an anti-Immigration Initiative that still play a major role in the discussion on shaping Swiss Immigration politics. However the initiative “against the alienation and over-population of Switzerland” was rejected by all Cantons and the 65.8% of the peoples’ vote with a participation of 70.33% of the voters. Eidgenössische Volksinitiative ‘gegen die Ueberfremdung und Ueberbevölkerung der Schweiz, 14.02.2017, available: <https://www.admin.ch/ch/d/pore/vi/vis107.html>. The text of the initiative postulated the limitation of the naturalisation to 4.000 foreigners per year and the limitation of the foreigners living in the country up to 500.000. Hospital and border-crossing workers were excluded from this quota. Eidgenössische Volksinitiative 'gegen die Ueberfremdung und Ueberbevölkerung der Schweiz, 14.02.2017, available: <https://www.admin.ch/ch/d/pore/vi/vis107.html>

²³NZZ, 15.02.2017, available: <https://www.nzz.ch/article83V8I-1.387015>

²⁴Nepali Times, 13.02.2017, available: <http://nepalitimes.com/news.php?id=18273#WJhIazGuqNA>

²⁵“At its peak, there were 3000 carpet weaving centres employing 1.2 million people. Only 600 firms remain, providing jobs to less than 100,000 people. The rise and fall of Nepal’s carpet

“encouraged by sales, the Swiss helped in marketing carpets in Switzerland and Tibetan carpets from Nepal became the rage in the rest of Europe and America. With the upheavals in Iran and Afghanistan, European importers turned in the late 1970s to carpets from Nepal.”²⁶

The carpet industry, based on the know-how of the Tibetans, sold the artistic local knitwork to tourists and exported on a grand scale involving private companies in Switzerland. This triggered disapproval of department stores and accusation that they were making business on the back of refugees.

In the sixties, the main idea for development was the so-called “Marshall Plan for the Third World” that Toni Hagen rejected as an absurdity and pledged for development cooperation to help a wide range of countries to cope with the present and the future with appropriate means (Catrina 2002). Hagen, the Swiss Red Cross, and H.H. the 14th Dalai Lama used among others a federal decision of 1960²⁷ for establishing Tibetan-in-Exile representation and started the discussion of Tibetan refugee resettlement in Switzerland.²⁸

6 Tibetan Refugees and the Swiss Immigration Policy

The favourable economic development in Switzerland after the WWII triggered demand for foreign labour due to the limited local workforce and the extensive need of the industry. This fact led the Confederation to apply a more liberalized Immigration policy in comparison to the restricted policy during the WWII.

This policy led also to an annual foreign labour growth rate of 7.4% (1950–1960), and the number of immigrants increased from 285,000 up to 585,000 persons. Such increment in the immigrant number let the Swiss people realize for the first time that many immigrants will stay in the country, a fact that totally contradicted the prevailing opinion (Sheldon 2007, p. 10).

However, the geographic and occupational mobility was severely restricted during this period targeting to encourage the immigration of foreign workers into sectors and regions, to support specific branches and regions and to prevent unnecessary immigration. In this sense, the Immigration policy served the industrial and

industry is the same old story of everyone getting into the act, the production glut leading to lowered prices just as Chinese carpets became cheaper. There were other problems: the child labour and environmental controversies, government indifference and interference, inflation and labour issues”. Nepal Times, 13.2.2017, available: <http://nepalitimes.com/news.php?id=18273#.WJhIazGuqNA>

²⁶Nepal Times, 13.2.2017, available: <http://nepalitimes.com/news.php?id=18273#.WJhIazGuqNA>

²⁷Bundesbeschluss vom 24. März 1960 über die Errichtung neuer diplomatischer Vertretungen 172.211.227, 24.01.1960 (Linegger-Staufner, 377).

²⁸Memo 18997, 25.8.1961 in. Diplomatic documents of Switzerland, 15.02.2017, http://db.dodis.ch/tag/1281?f=1&t=0#anc_f

regional development policy by issuing residence permits associated with specific workplaces (Sheldon 2007, p. 10).

From 1963 to 1990 a restrictive phase in the Immigration policy followed. Economic overheating and the increasing fear of foreign infiltration led the Confederates to introduce quotas first on corporate and consequently on regional and national level (Sheldon 2007, p. 10). The implementation of contingent and plafond in the number of the immigrants was expected to reduce the foreign workforce, stabilize the economy, prevent infiltration and later on with the Federal Council Decree of 1970 safeguard the indigenous manpower. However, the expected stabilizing effect has never been materialized (Sheldon 2007, p. 13). From 1960 to 1970 the Swiss Federal Council opened a quota of 1000 for Tibetan refugees. The first Tibetan arrived in 1960 in this legal and political environment.

7 Tibetan First Settlements

The first group of Tibetan refugees was settled with the help of the Swiss Red Cross and the Verein Tibeter Heimstätten (VTH) in Waldstatt AI. From 1961 to 1971, further refugees were settled in Samedan GR, Buchen i. Prätigau/Landquart/Igis GR, Wattwil/Liechtenstein SG, Ebnat-Kappel SG, Flawil SG, Wil SG, Münchenwilen TG, Rikon ZH and villages, Turbenthal ZH, Bauma ZH, Rüti ZH, Rapperswil SG, Oetwil am See ZH, Horgen ZH, Lengnau BE. The social concentration of this diaspora was in the East part of the country (Lindegger-Stauffer 1971, pp. 377–379). The financial costs of the resettlement were covered by the Confederation and Municipalities could accept or reject the resettlement of refugees upon popular vote.²⁹ In the resettlement of refugees, the role of the Swiss industry was crucial because of the existing corporate quotas for foreign labour related to specific working places.

8 Charles Aeschmann in Olten: A Case of Contested Responsibility

In 1960, before the resettlements of grown individuals and families began, twenty refugee children were resettled in the Kinderdorf Pestalozzi in Trogen.³⁰ Many others were adopted by Swiss families under a private initiative of the industrialist

²⁹In 1963, the citizens of Bever GR rejected a refugee contingent because they wanted to “preserve the characteristics of the village and its population” and feared “not to be able to solve school problems”. At the time, only male citizens had the right to vote.

³⁰The Pestalozzi Children’s village in Trogen was founded in 1946 for war-affected orphan Children. In order to host and offer education to Tibetan orphans.

Charles Aeschimann in Olten. The role of Charles Aeschimann is controversial for several reasons: (1) he did not collaborate with the Federal Administration; (2) most of the “Aeschimann-children” were not orphans but taken out of their families and given for adoption to Swiss parents and to the Pestalozzi Children’s Village; (3) in order to apply his master plan of resettlement, Aeschimann proposed to finance the construction of houses in Pestalozzi Children’s Village in Trogen. Apparently, the industrialist wanted to adopt orphans from Tibet, but his application was rejected by the Swiss Administration and the Swiss Red Cross, so he contacted privately H.H. the 14th Dalai Lama. His Holiness, who was hoping to be able to send Tibetan children-in-exile to the United States or Europe and let them receive a western education, in order for them to turn back into technocratic elites to free Tibet in the name of the “Tibetan Government-in-Exile”, accepted to send Tibetan children for adoption. From those approx. 200 children, only 19 were real orphans and none were returned back to India, where the Tibetan Government-in-Exile was established. In addition, 90% of the Swiss adopted “Aeschimann- children” lost their native language,³¹ 131 became Christian, two grew up with anthroposophical principles, one became Jewish, and only thirteen grew up as Buddhists.

9 Kuhn-Rikon in Tösstal: A Case of Business Ethics from the Patron-Time

Since the beginning of the industrialisation in Switzerland in the nineteenth century,³² Swiss entrepreneurs used to hold political positions and get directly involved in shaping the social and political environment of the Swiss society. The existing image of the Patron, who knows all of his employees personally and is interested in their wellbeing as well as in the wellbeing of the society, is strongly in contrast with the perception of the Anglo-Saxon management culture of hired company managers, who are interested in bonuses and further incentives and do not have relations to the basis of the company. For many researchers, the existing opposition in the perception between “big company” and “SME” is to be found behind this typology and categorization³³ and it has its roots in the Swiss SME reality.³⁴

³¹In this case and for these reasons the role of H.H. the 14th Dalai Lama regarding the industrialist Aeschimann still remain contested (Maier in the NZZ).

³²In a historical periodisation the Swiss industrialisation begins in the nineteenth century in St. Gallen, Winterthur and the Canton Zurich, which was the pioneer Canton in the industrial development. This periodisation does not take in account proto-industrial forms of production. Historisches Lexikon der Schweiz, Industrialisierung.

³³Corporate governance and sustainability is an ongoing discussion in the research that focuses ethical issues like organic governance, stakeholder relations, management transparency etc.

³⁴In Switzerland Small and Medium Enterprises are divided into three types: Micro: fewer than 10 employees, Small: 10–49 employees and Medium: 50–249 employees. According to a 2016 study conducted by the Institute for Entrepreneurship & SME is based on a survey of 609 SMEs in

The case of the Kuhn-Rikon industry in Tösstal comes out of the Patron-time but goes far beyond the typical patronage.³⁵ It is an exceptional example of sustainable development not only for its social and economic impact but also for the impact on the perception of human rights, cultural preservation and transformation, and the respect of diversity.

It could be considered as a prototypical example for a human rights approach to most of today's UN Sustainable Development Goals: social and industrial innovation, reduction of inequality and poverty, development of sustainable and inclusive communities, training and education, health and well-being, decent work and economic growth.³⁶ The Kuhn-Rikon industry approached its industrial and economic issues by innovating its sector (i.e. with the invention of the pressure cooker) and integrating refugees through a series of actions that even by today's standard can be considered as the *avant-garde* of a proactive approach to corporate responsibility and ethical business. The industry transformed the village of Rikon by keeping its local characteristics and bringing new inputs into different sciences.³⁷

The relationship of Kuhn-Rikon with the Tibetan refugees started with the labour shortage in Tösstal during 1960. The geographical location was not attractive for Swiss or foreign labour immigration. During the boom in the after WWII time, the City of Winterthur offered much better working opportunities (i.e. Sulzer, Swiss Locomotive and Machine Works, AXA Winterthur, Winterthur Group, Swiss Technikum, etc.) than the small village in the highlands of Zurich. In order to attract manpower Kuhn-Rikon took action by providing incentives: the industry constructed 46 townhouses and two blocks of flats for the prospective workers. After attending a charity event for Tibet and the political decision on confederate level to invite 1000 Tibetan refugees in Switzerland, the Kuhn Family offered work and housing to Tibetan refugees, that received further help and support from the Swiss Red Cross, the organization "Verein Tibeter Heimstätten" and Peter Lindegger that spoke the Tibetan language and had experience with the immigrant population because he adopted two (later six) of the "Aeschmann-children". The project started with the financial support of the Confederation through the management of the Swiss Red Cross. The first 12 families arrived in 1961. 24 workers started vocational training in the factory and basic language education.

all parts of Switzerland, 52.5% were micro enterprises (average number of employees: 3.6 people); 34% were small enterprises (average: 22.3); 13.5% were medium enterprises (average: 106.1). HEG-fr, 20.02.2017: available: http://www.heg-fr.ch/FR/HEG-FR/Communication-et-evenements/evenements/Documents/Swiss_International_Entrepreneurship_Survey_2016_EN.pdf

³⁵Cases to compare in: Alex Capus (2006), btb, München.

³⁶United Nations, 12.02.2017, available: <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

³⁷In 1961, Kuhn-Rikon transformed the "Zehntenscheune" building in Rikon into a worker's canteen for 40–50 workers of the industry and preserved all characteristics of the building, instead of building a new one Heinrich Strickler (1963), ETZH, e-periodica.

During training time, the wages of the refugees were paid by the program in a gradual scheme. The Red Cross covered 100% of the wages in the first month, after which the company took over gradually until the 12th month that the salaries were paid completely by the company. The vocational training was biennial.

In order to prepare the local society in accepting refugees from Tibet, the Kuhn-Rikon company worked at three levels:

- informing the co-workers internally on Tibet and the future co-workers,
- informing and involving the village population and the authorities, and
- Informing the Catholic and Protestant church representatives in the region prohibiting Christianisation and a missionary approach to the people.

Co-working in the industry was not always easy. First errors in the production showed that the Tibetan workers continued to think in their own social structures, hierarchies, and casts. Low-level workers did not indicate errors to their supervisors. They could only inform their next in the conveyor belt who had to inform his next and so on. The production had to be reorganized, and after a while, Tibetan workers were placed in different positions within the firm according to their skills.

Another issue was the social and cultural uprooting of the community and its contact to the Swiss industrial world of the 1960s. The refugee status, the contact with a new style of life, new habits, alcohol consumption, the gap between the traditional values of the Tibetan culture and the values of the arrival society, problems with the missing contact within the family units due to the shift work in the factory, created an aggressiveness that could lead to social unrest, communitarian and extra communitarian clashes with the local society and jeopardise production and social peace.

In order to maintain productivity, the health of workers, societal peace and risk mitigation, Kuhn-Rikon decided to host four Tibetan monks and provide spiritual and psychological support to the refugee community. In a further step, the Kuhn family travelled to India asking H.H. the 14th Dalai Lama for advice that encouraged the building of a Buddhist Centre. Supported also by Peter Lindegger and further friends, the family Kuhn funded the construction of the Tibet Institute in the following years.³⁸

³⁸This project was realized without opposition and conflicts of the local people in Rikon, a fact that also shows the social acceptance of the Tibetan community as part of the society. In case of an earlier project (1960) for a Tibet monastic centre in Rothenthurm/Canton Schwyz the Christian Catholic Church community opposed with massive protests against the “Pagan Institution” and the project was cancelled.

10 The Role of the Monastic Tibet-Institute in Rikon

Together with a circle of friends,³⁹ the Kuhn Brothers responded to the refugee's need for a spiritual Centre and funded the Tibet Institute in Rikon, in 1968. The establishment of a monastic institution was at the time forbidden by the Swiss Law and art. 52 of the Federal Constitution (abolished 1972) because of the ban on monasteries existing since 1874, directed against the Catholic Jesuit Order. For this reason, the institution had to be an academic Institute besides its role as a spiritual centre.

Under those conditions, the "Tibet Institute Rikon" Foundation received Kuhns' endowment of CHF 100,000 and ground for the building. The Institutes' role has been (and is) crucial

- for Tibetan studies in Switzerland and abroad⁴⁰
- for Buddhism in Switzerland and the neighbour countries
- in collaborating with Swiss Universities, the Federal Polytechnic School of Zurich (ETHZ) and beyond
- in the spiritual leading and the cultural- religious support of the Tibetan people
- facilitating the integration of the diaspora without social assimilation

The variety of cultural activities today provides an important forum for the constantly growing number of western people interested in Buddhism and Tibet and contributes to the exchange of culture and knowledge between East and West.

11 Social Embeddedness, Networks and Remittances

According to the Municipality of Zell, among the 1364 residents, 300 to 400 have a Tibetan origin. Most of them are Swiss with immigration background or have a Chinese passport. Until now, approximately 100 people have been employed by Kuhn-Rikon in different positions mainly in production (production, assembly of pans, montage, etc.) but also in the logistics, sales, export and the service centre.

The contact between the Swiss and Tibetan societies was not always easy at the beginning, mainly because of the significant differences in the social structures and organization. Work distribution at home was clearly different from the one in Switzerland. While Tibetan women insisted that the male members of the community had to sew and stitch their clothes, they also insisted that staying at home and raising children were not their job. Child care was entrusted to the elderly members

³⁹The total estimated cost was of CHF 739,000.

⁴⁰The library is a scientific, specialist library open to the public. With more than 12,000 titles, it is one of the largest specialist Tibetan libraries in the world, and is a member of the public libraries of the University of Zurich. The collections of the library are available through a direct catalogue of the [Zurich University libraries research portal](#).

of the families who followed from India to Switzerland to reunite with families. Moreover, Tibetan women insisted on carrying all heavy containers, while men denied working in the agriculture preferring industrial labour. In addition, men had long hair and refused to cut them off, out of the fear to their life power (Schwarzenbach in: *die Weltwoche* 1993). To level out some social differences, Peter Lindegger organised meetings with the men of the society every Saturday to explain taxes, social security, school systems, health insurance. There was also world politics and other information that they could not obtain from newspapers (Lindegger in: *die Weltwoche* 1993).

Unsurprisingly, the western social organization was unknown to the Tibetan people in 1960. Tibetan refugees could understand neither the necessity of taxation nor social security nor communitarian organization. They did not share the need to protect people outside their family units, which is apparent in the Christian humanitarian culture. They had no family names or birthdates. Further it was very difficult to attribute family members and reconstruct family units according to the Swiss Civil Code 210, (1907)⁴¹ because female members of the community could have had children with different male members and they could live all together in the same unit. The Swiss authorities were confused. Social workers tried to give roman numerals for each family unit, a fact that further confused the Swiss administration in Bern. The solution was found by asking the Tibetan people to choose their family names instead of giving them easy Swiss names like Müller and Meier and provoke a negative impact on the communities' identity. However, this name decision process took years to be completed.

Birthdates was a far bigger issue for the Swiss administration to the most evident degree because of the direct impact on the social security, schooling, pension contributions (AHV) or health insurance, as well as the definition of the family as a matrimonial union according to the Swiss Civil Code 210. As Tibetan refugees were travelling without passports and had no birth archives, nor Nepal or India had such information, the people of the first generation of refugees had to decide over their own birthdates. In the industrialized west, people cannot have an official existence without a birthdate. Calendar and time perception may have cultural aspects, but they also have organisational implications for the economy, the society

⁴¹The Swiss Civil Code 210, of 10 December 1907 and following amendments is the main source of family law in Switzerland. The code's definition of family is based on a matrimonial union and their legal offspring. In line with the socially dominant view of the family in the early twentieth century, the code made dissolving a marriage almost impossible, and mandated large differences in the status of the husband and the wife. As the gap between social reality and the law expanded over the years, the Code has been adapted. A comprehensive reform of family law was undertaken in 1956. The reform was broken up into several parts. The new law of affiliation went into effect in two stages in 1973 and 1978, and an amendment to the Civil Code dealing only with the effects of marriage was passed by parliament in 1984 and went into effect on 1 January 1988. The overhaul of family law was followed by a review of the provisions related to marriage and divorce. This resulted in the passage of the so-called "new divorce law", which went into effect on January 1st 2000. New rules regarding registered partnerships were adopted on 18 June 2004 and went into effect on 1 January 2007. Perfar, 09.02.2017, available: <http://www.perfar.eu/policy/family-children/switzerland>; <https://www.admin.ch/opc/en/classified-compilation/19070042/201701010000/210.pdf>

and the state. Some Tibetan declared birth dates according to their personal comprehension of time and their personal interests, such as to be younger in order to stay at school for a longer period, or to be older in order to work or receive earlier pension.

However, the most difficult task of the Swiss administration was to define the official status of couples and family units because of the impact on the social security and the hereditary rights. The administration had to decide according to the Swiss Civil Code 210, which female member should be declared as the “official consort” with matrimonial status. This declaration had further implications on the social security (AHV), pension rights of the consort and the heir rights of the children. In case of different females that have had children with the same male, the female not declared as official spouse carried the risk of remaining with her children without the protection of the Civil Law. At the same time, the Tibetan people were wondering why Swiss people “are making such a chaos” (Schwarzenbach in: *die Weltwoche* 1993).

These issues do not exist anymore. The second and third generations attended the Swiss public education and are integrated into society working in all sectors of the economy including the tertiary sector, education and research at universities and Polytechnic Schools.

Different Tibetan or Tibetan-Swiss mixed associations and unions are further organized to promote culture and Tibetan-Buddhism in Switzerland and abroad. As far as its linguistic education is concerned, Tibetan associations and unions are founded and support schools all over the country. Today, there are 17 Tibetan schools in Switzerland.⁴² These generations are organizing journeys into Tibet and partially support the issue of “free Tibet”, H.H. the 14th Dalai Lama and the Tibetan Government-in-Exile with cultural events, demonstrations and remittances and the declare willing to return in a “Free Tibet” only if it would have the possibility to build up a “neutral and direct democratic land like Switzerland” (Huber 2011, p. 19). However, most of the community members are willing to support the reconstruction of Tibet, but not to return permanently.

The outflow of remittances towards the Central Tibetan Administration, Nepal, India or further communities abroad remains unknown. The Tibetan Green Book, nonetheless, issued since 1971 by the Central Tibetan Administration (Tibetan Government-in-Exile) to Tibetans living outside of Tibet, serves as a receipt book for the person’s “voluntary taxes” to the Central Tibetan Administration (CTA), and have been described by the CTA as “the passport of the exiled Tibetans to claim their rights from the Tibetan Government-in-Exile”.⁴³

⁴²Tibetan Community in Switzerland and Liechtenstein, Tibetswiss, 09.02.2017, available <http://www.tibetswiss.ch/the-tibet-office.html>

⁴³Tibetswiss, 20.02.2017, available: <http://www.tibetswiss.ch/application-for-green-book.html>

12 Social Return on Investment

It is very difficult to measure the social return on investment of the of Kuhn-Rikon's actions over the last 60 years. However, it seems that the company's flexible approach to the Tibetan refugees helped them to cope with the new industrial reality and the firm to advance its future expansion in Asia.

From a contemporary point of view, the corporate behaviour of Kuhn-Rikon embedded the Tibetan community and its cultural and religious heritage in Rikon by respecting their human rights, without imposing the Christian- industrial culture. It helped further to level out the acute differences between the local people and the newcomers with constant information and collaboration with local and national authorities, improving living standards in a reciprocal dialogue with the society of the valley and with the Swiss authorities. Probably with this behaviour, Kuhn-Rikon gained its social licence to operate in the valley and promote changes without opposition (i.e. the construction of the Tibetan Institute) and Switzerland experienced a development in the economic, social and cultural sense. The expansion of the firm in Asia and especially in China, where the company's web does not include information on the Tibet Institute and H.H. the 14th Dalai Lama, is only one aspect of this development.

The position of the Tibet Institute, as one of the world leading Tibetan-Buddhism cultural and study centre outside of Asia, and the visits of H.H. the 14th Dalai Lama also attracted the attention of the public and the media.

13 Tibetan Medicine and Trade of *Tibetica* Art in Switzerland

The development of the Tibetan medicine in Switzerland followed a different path and it is not strictly related to the Tibetan diaspora in the country. Through the development of the formula Padma 28 and further formulas from Padma AG in Wetzikon/ZH, R&D, Tibetan medical Centres and research projects with the Universities and the Tibet Institute in Rikon (i.e. Science meet Dharma), Switzerland features as the world leader in research and development of Tibetan Medicine. "Swissmedic," the Swiss Agency for therapeutic products, recognizes the complementary medicine category "Tibetan Medicine." Moreover, several Tibetan medical centres in Switzerland offer treatments with specialized medical doctors and organize international conferences contributing actively to the Swiss GDP, to the west-east understanding and the advancement of the dialogue in the medical sector. It is possible that Tibetan origin people of the second and third generation are working on the field, and that the presence of the diaspora has advanced the understanding towards different approaches between the classical western medicine and the Tibetan medical approach.

The trade of *Tibetica* Art objects is related to the events of 1959 in Tibet, but not directly related to the Tibetan community in Switzerland. Nonetheless, it should be

noticed that the trade with religious sculptures (Thankas), paintings and further ritual objects has started out of the desperation for survival in exile and developed into a flourishing market in the West after the pillage of the Tibetan monasteries in the following years. Main actors for this development have been Chinese and Indian officials, Galleries and further dealers but also Tibetan-in-Exile. Stolen goods found their way to the western markets through Hong Kong and Kathmandu (Wangpo Tehong in: *die Weltwoche* 1993).

The networks for this trade between Asia and Switzerland and the role of Tibetan-in-Exile and their Swiss peers, as well as the impact on the Swiss economy (i.e. money laundering) and the implication to the law regarding trade, culture, authenticity, provenience etc. of the objects should be very carefully further analysed (Wangpo Tehong in: *die Weltwoche* 1993; Giroud and Lechtman 2015, pp. 1–5).

14 Swiss Economic Relations, Politics and Beyond

Switzerland's foreign policy has always been based on the dogma of neutrality and the advancement of economic relations that could serve its economic expansion and growth in other markets. In order to support this approach, the Confederation accommodates different domestic and foreign interests, even if such accommodation could also endanger the countries' reputation and its future orientation.

As an industrial actor, the Kuhn-Rikon company acted out of a real economic issue and employed refugee workers of Asian origin. This approach found support from different actors at administrative, social and humanitarian level. With this support, the company became able to integrate the pre-industrial society in the Tösstal and embed its culture in the valley. The human rights approach that helped this embeddedness process led to the larger understanding and acceptance of different identities and cultures as well as to the advancement of the Tibet Institute as Centre for studies and of the Tibetan-Buddhism as a religion embedded in the country. With this approach, Kuhn-Rikon gained its licence to operate in the valley, gain the knowledge of cultural diversity, and entered the market in Asian market easier than others.

The Swiss Confederation opened a quota of 1000 Tibetan people and invited Tibetans out of a humanitarian approach that was also serving the country's economy. However, it should be pointed out that at the time of the Cultural Revolution in China this quota could have threatened the relations of the country with China especially when the foundation ceremony of the Tibet Institute took place. The media exposure of the Institutes' foundation ceremony in fact, provoked the reaction of the Popular Republic of China that addressed a Protest Note to the Federal Council against the industrialists Kuhn.⁴⁴ This note was discussed in a meeting

⁴⁴“Die Gebrüder Kihn (statt Kuhn), schweizerische antichinesische Elemente, sind so weit gegangen, dass das besagte Tibet-Institut den tibetischen Banditen als Zentrum für ihre Tätigkeit

between the Swiss Ambassador Rossetti and the Vice-Director of the Department West Europe of the Ministry of Foreign Affairs Tang Hai-kuang in Peking, on 16.08.1967.⁴⁵ In Rossetti's information letter⁴⁶ to the Federal Councillor Spühler, the Swiss orientation is clear: Switzerland aims to adapt to the new situation keeping up existing economic relations with China and distances from the propaganda related to the Institute and H.H. the 14th Dalai Lama⁴⁷ himself. Ambassador Rossetti discuss also Tibet's regime: "The fact that Switzerland was accused to be willing to restore Tibet in its old form is an arguable question; from a realistic point of view the Dalai Lama's theocratic feudal system was not a paradise on earth either"⁴⁸ and proposes to help Chinese save face in order to avoid the interruption of the relations noticing that for China "political issues are more important than financial relations."⁴⁹

Since 2010, China has been Switzerland's most important trading partner in Asia with a trade volume of 3 billion Swiss Francs. A bilateral free-trade agreement was signed in Beijing in July 2013 and came into effect in 2014.⁵⁰ The agreement contains provisions on trade in goods (industrial and agricultural products), non-tariff barriers (i.e. technical rules), and trade in services, the protection of intellectual property, and trade and sustainable development. An agreement on labour and employment-related matters was also concluded. Further agreements on scientific and technological cooperation were signed and bilateral research projects established. Since 1991, China and Switzerland are engaged in an annual human rights dialogue regarding labour and human rights and Switzerland provides emergency relief and humanitarian aid to China whenever is needed.

In the question of Tibet and the China-Tibet dialogue, Switzerland remains neutral, granting asylum and support to both, Tibetan and Chinese origin people. Nonetheless, recent developments show that the Confederation has omitted the recognition of the Tibetan ethnic origin in the working permits of Tibetan people

in ganz Europa dienen soll. Auch die Schweizer Regierung wurde scharf gerügt, da sie die tibetischen Banditen in ihrem zügellosen Wirken in der Schweiz ermutigt und unterstützt" (The Kihn Brothers (instead of Kuhn), Swiss anti-Chinese elements, have gone too far: this Tibet Institute should serve the Tibetan bandits as a centre for their activities all over Europe. The Federal Government was sharply reprimanded, as it encouraged and supported the Tibetan bandits in their intemperate activities in Switzerland).

⁴⁵The diplomatic documents of Switzerland, 16.02.2017, available: <http://db.dodis.ch/document/33528>

⁴⁶The diplomatic documents of Switzerland, 16.02.2017, available: <http://db.dodis.ch/document/33528>

⁴⁷The Swiss Government did not give permission to H.H. the 14th Dalai Lama to participate at the ceremony. He visited the Institute for the first time in 1973.

⁴⁸"Das gerade die Schweiz berufen sein sollte, Tibet in seiner alten Gestalt wieder herzustellen, ist eine diskutabile Frage, den ganz sachlich betrachtet war das theokratisch feudale System des Dalai Lama auch nicht eine irdisches Paradies" The diplomatic documents of Switzerland, 16.02.2017, available: <http://db.dodis.ch/document/33528>

⁴⁹The diplomatic documents of Switzerland 16.02.2017, available: <http://db.dodis.ch/document/33528>

⁵⁰SECO, 12.02.2017, available: https://www.seco.admin.ch/seco/en/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/Wirtschaftsbeziehungen/Freihandelsabkommen/Partner_weltweit/china.html

and tend to limit demonstrations of Tibetan origin inhabitants or Tibetan- Swiss citizens against Chinese official visits in the country. It has also been accused by different actors besides the Tibetan networks to limit fundamental rights of the Swiss citizens as expressed by the Federal Constitution of the Swiss Confederation.⁵¹ Switzerland does not officially recognize the Tibet Government-in-Exile or Tibet as an independent State.

Hence, being neutral and keeping up economic relations above all is a crucial point in international relations that makes Switzerland sometimes appear inflexible regarding migration policy decisions and the respect for human and civil rights concerning issues addressed by its population of migrant origin today.

Tibetan origin Swiss or Swiss citizens willing to demonstrate for issues related to Tibet and human rights received disapproval from the Federal Government. On January 2017, the Cantonal Police of Bern detained 32 Swiss and Tibetan nationals because of the demonstration against the Chinese President Xi Jinping. As a Swiss citizen with Tibetan origin notices: “We, [. . .] children and grandchildren, were born as Swiss. Today, however, we do not feel any solidarity from the Swiss government and we feel that it is turning its back on us, and all Tibetan people with its current China politics. As citizens of this country, we feel deceived by the free trade agreement, which Switzerland has signed as the first European State with China. This agreement does not mention human rights, the environment and Tibet. The Sunday ban was an offense for us young Swiss -Tibetan that we did not want to accept. For us, it was incomprehensible how the Swiss authorities were able to eliminate our democratic rights, and just bow to Xi Jinping. For me, this has once again shown that the approach to China has a negative impact on our Swiss democracy and our values.”⁵²

15 Embeddedness, Identity Politics and Human Rights

At this point, it is important to address linkages between embeddedness and human rights. As we already discussed, Tibetan refugees in Switzerland were *wanted* refugees from the part of the political actors and the society. Three stereotypes seemed to be at play at the time: i) The romantic one, of Tibet as an exotic and timeless region of a peaceful folk; ii) the spiritual one, of Tibet as the Buddhist holy land; and iii) the victim stereotype of Tibetan culture as under threat, because of the Chinese Cultural revolution.

Consequently, it is important to observe how a romantic myth and, cultural, political and historical biases, as well as positive stereotypes, can drive

⁵¹Federal Constitution of the Swiss Confederation 12.02.2017, available <https://www.admin.ch/opc/en/classified-compilation/19995395/index.html>

⁵²Vice 16.02.2017, available: <https://www.vice.com/alps/article/eine-junge-tibet-aktivistin-erzaehlt-wie-sie-den-protest-in-bern-erlebt-hat-1-ch>

embeddedness and support a foreign community in shaping its cultural and religious identity. In the opposite case and despite humanitarian tradition and the provisions of the federal or cantonal law, negative stereotypes can pose fundamental barriers in creating a positive example of integration.

It is also important to observe that preconceived stereotypes create *wanted* and *unwanted* immigrants/refugees and can lead to the idea that supporting human rights of foreigners is optional and it depends on the opinion over the group to support. It can also create a culture of immigrant/refugee peaking, avoiding a welcoming culture in the host countries with negative effects on social and economic levels (difficulties in adjustment and integration, in schooling and education, psychological issue impacting financially the social welfare and healthcare system etc.) and worsen the social welfare state creating opposition to the effective allocation of means and further social unrests.

The acceptance of the different cultural identity facilitates adjustment and reconciliation of a foreigner community and the final integration into the new reality but also advance the reciprocal knowledge on the culture levelling out possible problems. In this sense, it helps to the demystification of an existing romantic myth in the adjacent communities but also in the second and third generations of immigrants who have to balance between their old and their new mixed culture.

Identity and cultural rights (language, religion and tradition) are clearly linked to civil-political rights on a contemporary understanding of a non-discrimination constitutionally anchored policy, as well as education and labour rights. Nonetheless, the negotiation of identity and cultural rights is much more complicated for the second and third generations of immigrants because they postulate equal legal protection under the Swiss constitutional law as Swiss citizens.

As the Swiss Confederation lacks to introduce a serious promotion of human rights and establish a national human rights institution that can meet the Paris Principles,⁵³ it could be appropriate to discuss on how Switzerland can put in line the understanding of racial discrimination⁵⁴ with the international principals using the concept of embeddedness.

Social embeddedness can provide perspective on the dynamic of social relations and interactions but also mediate tensions over identity politics. While human rights are often considered political and moral issues, embeddedness can reduce tensions and pave the way for inclusive societies and social dialogue, facilitated and owned by the diaspora actors themselves. The diaspora communities are actors that can

⁵³United Nations, Human Rights, Office of the High Commissioner, 08.03.2017, available <http://www.ohchr.org/EN/ProfessionalInterest/Pages/StatusOfNationalInstitutions.aspx>

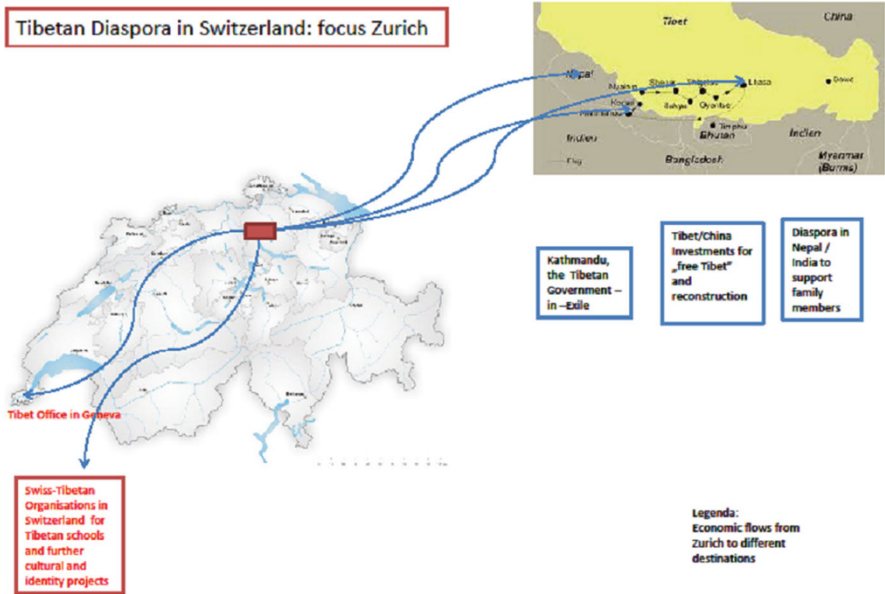
⁵⁴In the concluding observations on Switzerland (2014), the UN Committee on the Elimination of Racial Discrimination expressed concerns over the Swiss public understanding of racial discrimination despite its existing measures to promote the integration of foreigners and ethnic and religious communities. As has been observed in numerous occasions by the UN treaty bodies, the understanding of discrimination in Switzerland is not yet in line with the international understanding of racial discrimination. International Convention on the Elimination of All Forms of Racial Discrimination, 08.03.2017, available: UN Doc. CERD/C/CHE/CO/7-9, para 18.

choose from a flow of interactions and shift relations with other based on, for example, a rational choice of cost and benefits or driven by evolved values and assumptions they share with individuals of other communities, with local governments, human rights groups, NGO and so on. In this sense, Switzerland can advance the understanding on racial discrimination using positive examples of integration of wanted refugees/immigrants, avoiding racial discrimination on public dialogue, combating racism and xenophobia in political campaigns and right-wing extremism at all levels and finally supporting a welcome culture for refugees/immigrants as well as the constitutional rights of citizens of foreign origin actively.⁵⁵

16 Economic Flows and Positive Externalities in Embedded Context

Considering three generations of expansion in Switzerland, Tibetan origin people have generated income and positive externalities at home and abroad. The following chart visualises same financial flows of the Tibetan diaspora in Zurich towards different main destinations: (1) Kathmandu and the Tibetan Government-in-Exile in order to support H.H. the 14th Dalai Lama and the question of “free Tibet”; (2) towards the Tibet i.e. the City of Lhasa in order to support relatives and buy property for a possible return (such investments create positive externalities in Tibet); (3) towards Nepal to support the relatives and relations. Probably there are also trade relations between the community and the destinations mentioned above; (4) in Switzerland towards the Tibet Office in Geneva and (5) towards Tibetan—Swiss organisations for language cultural and identity projects. In reality, such flows are also expected from the other Tibetan enclaves in Switzerland.

⁵⁵In the Concluding observations on Switzerland (2014), the UN Committee on the Elimination of Racial Discrimination expressed concerns over the Swiss public understanding of racial discrimination despite its existing measures to promote the integration of foreigners and ethnic and religious communities. International Convention on the Elimination of All Forms of Racial Discrimination, 13.03.2017, available UN Doc. CERD/C/CHE/CO/7-9, para 18.

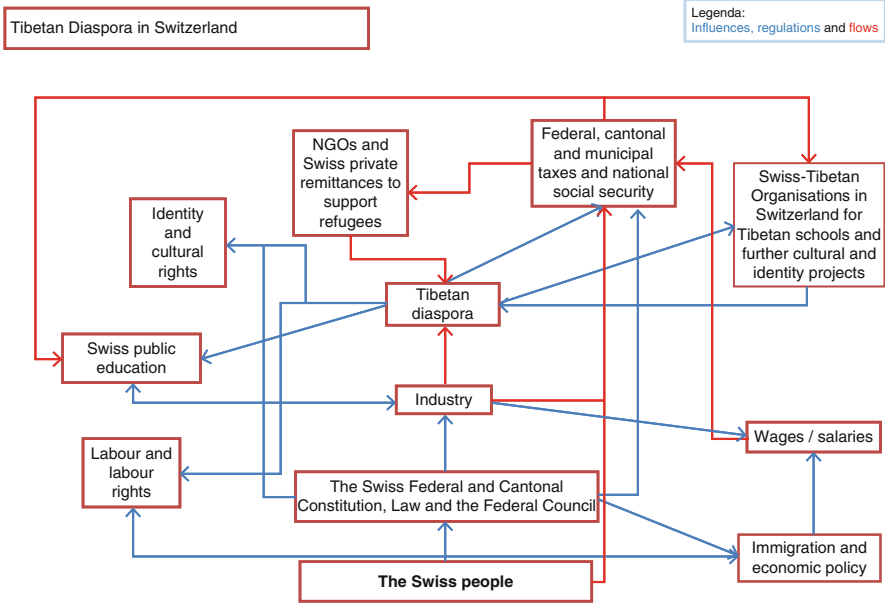


The second chart is an attempt to visualize actors, impact, regulation, financial flows and the reciprocal benefit of diasporic advancement in Switzerland.

First, the Swiss citizens, which are considered as the basis of the Constitution and the legal system due to the direct -democratic system of the Confederation, vote and guarantee law and regulation also regarding immigration and economic policy. In it, labour and labour rights, taxation, wages and salaries are discussed and accorded in negotiations with other actors like unions and the industry. Different legal frames and provisions are specified for EU and extra-communitarian immigrants, refugees or Swiss citizens according also to the international obligations of the Confederation. Swiss citizens and diasporans (incl. Swiss diasporans) are also organised in different unions, NGOs, associations, religious, political parties etc. and contribute through several means to the solidarity, growth and change of the system in the country. They also negotiate further civil and human rights with different actors, propose, discuss and drive changes in the society, policy and the law.

Second, the industry does not only negotiate wages, salaries and policy but also has an active influence on education because of the dual education system in Switzerland. As an important actor for development, it can put forward a human rights approach as part of its developmental agenda and create shared values and resilience.

Embedded diasporans and foreign origin Swiss are part of the society and able to drive change in the particular interest of their diaspora and origin especially in human, identity, cultural and civil rights and shift means towards different directions.



17 Conclusion

Despite the political and international economic affairs of Switzerland, the main trigger that embedded Tibetan diaspora in Rikon was the apolitical and human rights driven approach of the industry. Such an approach created flexibility and resilience in the society while embedding the first community of refugees as well as creating also common values that helped to mitigate corporate and social risks. The approach offers a better understanding between different identities and cultural communities.

This understanding has been reinforced by the presence of the monastic Tibet Institute that helped the Tibetan refugees further in their integration into the country of arrival keeping religion, culture and identity heritage and strengthen ties with the local inhabitants.

The second and third generations coming out of mixed marriages and Swiss education have created Swiss—Tibetan networks that operate nationally and internationally and defend a mixed culture of Tibetan—Swiss heritage. This is very pronounced when it comes to opinions concerning democracy or in expressing opposition to the Swiss Federal Government regarding decrement in the application of their civil rights and the discussion on human rights.

This human rights-based approach to entrepreneurship also changed uhn-Rikon’s corporate culture. The firm created new networks with the local society and with different actors nationally and internationally, and became more agile in entering foreign

markets, especially the Chinese, without being political and by keeping its focus on its economic targets. In this sense, the Tibetan embeddedness of Rikon supported the openness of the company towards foreign markets and helped the company in its transformation to a multinational SME and its adaptation to the Asian markets.

The Swiss Confederation, on the other hand, remains attached on the dogma of neutrality that sometimes can endanger the status quo in home affairs and put the country under international focus in matters regarding human rights application. Although Tibetan origin people may be considered from the statistics to be part of different segments of the population, Swiss born Tibetan origin citizens are nonetheless Swiss Citizens, whose civil rights are protected under the Federal and Cantonal Constitutions.

What political actors fail to understand deeply is the fact, that the needs for economic advancement create social needs and vice versa. The partial liberalisation of the immigration law based on the real needs of the industry and the shortage of labour during the Cold War created an inflow of immigrants that today is an integral part of the Swiss society. Immigrants participate actively in shaping the presence and the future of the county also due to the direct democratic structure of the Confederation. Political actors often fail to understand that economic actors are more flexible and can go beyond politics and law in pursuing their targets. A more attentive approach to the social reality will create a different understanding on social needs and will lead to a better levelling of the differences between social groups and different communities for gaining more openness and create more inclusive societies ready to transform losses into opportunities.

The main lesson learned from this case study on Kuhn-Rikon is that a proactive, flexible and entrepreneurial driven approach to the refugee question concerning their human rights can create corporate and societal resilience, advance societal change towards a more open and inclusive society and cope with present and future challenges. Open economies need resilient societies that share common values.

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Part VII
Conclusion and Discussion

Towards a Multi-disciplinary Framing of Diaspora Networks in International Business



Maria Elo and Indianna Minto-Coy

Abstract The phenomenon of diaspora networks in international business can be approached with a multitude of lenses, positive, negative and disciplinary. Building on the contributions of the book, we find that there is no “one size fits all” but specific, almost customized lenses are needed for particular research problems- and more dialectic approach in addressing the discussions. Diaspora matters are not only conceptually complicated, due to the international, even global dimensions and nuances, but it is also necessary to contextualize better the settings in which diaspora networks act and shape international business and entrepreneurship. The context of a developing country may differ greatly from a developed country and present other mechanisms and flows, just like political transitions and crises. Importantly, the balancing of disciplinary lenses and the mainstreaming of diaspora and migration are issues that are changing. The shift from the deficit and problem view to the agency and opportunity view is in making. The contributions here illustrate how both exist, representing the different sides of the token. Broadening the lenses may involve framings, contexts, transformations, transnationalism, time and timing, position in society, benefits for business and the asset side of diaspora. A more multi-disciplinary understanding is expected to diminish the theory-practice gaps, the danger of bias and misinterpretations and facilitate advancing the body of knowledge with new evidence.

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1 Introduction to the Discussion on Outcomes

Diaspora, migration, entrepreneurship, economy and international business (IB) are all themes that are approached with a plethora of theories and models explaining their workings. Each of these concepts are subjects to particular discussions and have a rich body of knowledge with large extant research literature. Still, we perceive that a more dialectic approach linking these themes may contribute to their further development and improve common understanding of the interlinked dynamics. Both cross-dissemination and broader understanding are useful when examining intertwined, complex themes. However, in scientific research, innovation and publication, there is a danger of inertia as critical, antagonistic or just different views face difficulties in getting through the system (Chesbrough 2007; Di Trocchio 2015). This is partly so given that the scholarly system produces schools and groups that focus on certain ways of approaching phenomena that are then accepted, as being the appropriate, the mainstream¹. On the other hand, progressive research that facilitates relevance and usability, critical reflection, friction, diversity and interdisciplinary attempts are needed, even conflicts with some previous views. As Vermeulen (2005) points out, scholars should not be writing for other academics only, but they should identify and study practical issues they find compelling. In fact, noted IB scholars have called for IB research to focus more on what they term “grand challenges” in global business (Buckley et al. 2017: Abstract). Buckley, Doh and Benischke suggest the need for, ‘interdisciplinary research methods, multilevel approaches and phenomenon-driven perspectives’ (2017: Abstract). The system needs change, a better connection between theory and practise (Vermeulen 2005).

Even more, real innovation often lies not in the core of established disciplines and ways of thinking but on the fringes where established discipline intersects, crosses or is juxtaposed beside others towards relevant impactful research. We agree with this viewpoint as we are facing one of the big questions of the twenty-first century- Diaspora and the multiple forms in which this theme has featured in various management disciplines, including, marketing, human resource management and entrepreneurship. We have purposefully not used any pre-defined focus template with the authors, nor any cross-reference system. As a result, our authors have addressed several “*endoxa*” (Crisp 1991; Smith 1993). In so doing, we follow the calls for dialectic and consider that a high degree of authors’ freedom in selecting their focus provides different type of relevance, facilitating the dialectic progress, the “*diaporia*”, or the puzzling through this complex phenomenon (Crisp 1991; Smith 1993).

Many discussions request for refreshing or even shaking the dominant lenses that are employed (Chen and Tan 2009; Price and Chacko 2009; Riddle and Brinkerhoff 2011; Sarason et al. 2006). For example, one central research stream linking the themes is *transnationalism*, *transnational* migration and *transnational* entrepreneurial activity. Chen and Tan (2009) see transnationalism as a theoretical perspective, being a significant departure from conventional assimilation theories and criticise the

¹Notice that mainstream here differs from the concept of mainstreaming.

lack of theoretical and methodological engagement with social network analysis. They suggest that transnational entrepreneurship has been framed as a challenge to conventional ethnic entrepreneurship and ethnic economy studies (Chen and Tan 2009, 1079). They promote a lens of *glocalized* network for analysis—with both local and global connections. On the other hand, Kivisto (2001) criticizes transnationalism and claims that the concept suffers from ambiguity as a result of competing definitions that fail to specify the temporal and spatial parameters of the terms. Further, he considers transnationalism to be located as one potential subset of assimilation theory (Kivisto 2001). He discusses the development of the term from cultural anthropology to political science and beyond (Faist 2013; Guarnizo et al. 2003; Kivisto 2001).

Similar evolution takes place on the diaspora discussions shifting the lenses from the historical victim diasporas to a more modern stance (Brubaker 2005; Cohen 2008). An individual as the object of the researcher's lens is equally relevant as networks per se and the element of embeddedness bridges both. Here the growing focus on entrepreneurship and its intersection with themes of transnationalism have surfaced in terms such as diaspora entrepreneurship, immigrant and migrant entrepreneurship (Elo and Hieta 2017; Kloosterman and Rath 2001, 2010; Rath and Kloosterman 2000) and entrepreneurial diaspora networks and transnational diaspora entrepreneurship have contributed to this transformation (Riddle et al. 2010; Elo et al. 2015; Oyo 2016; Minto-Coy 2018). Becoming or being diasporan, member of a minority or ethnic group and nation state provide several debates on the disciplinary type of lenses to apply. This conception has been instrumental in shifting discourse on diasporas from the dominant views of being 'dispossessed' or 'alien' to more empowered actors with their own agency. The state of multiple belonging, formerly seen as a negative feature of diaspora is now viewed as an advantage, which offers varied lens, contacts and opportunity recognition for entrepreneurial success even when compared with native born entrepreneurs.

The third layer inherent in this domain is the nation state that provides the macro-level lens. There are calls for more critique on epistemologies concentrating on nation state and ethnicity examining migration and integration and such institutions, representing a dialectic response. For example, Dahinden (2016: 2208) counters the nation-state lens with the argumentation that the "dilemma here arises from the fact that migration and integration itself originated with a nation-state migration and normalization apparatus". There is a need for careful thinking regarding the philosophy, ontology and epistemology of the lenses that are used to frame and examine a research problem (Dahinden 2016). In similar vein as Dahinden wishes to de-migranticize migration and integration research, we wish to follow the call for more balanced treatment of objects of studies, such as diaspora networks (Stahl and Tung 2015). The call by Stahl and Tung (2015) for more positive lens instead of deficit lens is well justified. Further, these often implicit framings require more attention together with the contexts, since previous findings cannot be per se aggregated or copy-pasted in other contexts. Critical approaching of the previous when reflecting it on the new is needed. For example, individual migrants may prosper and establish growth companies, but on the overall

level the same process may not take place as such entrepreneurial coping strategies may not be replicable in a larger scale (cf. Heinonen 2013; World Bank 2013).

As such, the chapters in this book provide a number of viewpoints and lenses to understand better the global flows of people, their capitals, their roles and meaning in international business, from micro- to macro-level. We claim that such multi-angled approaches are both useful and fostering the development. In the following section, we reflect the articles and their findings and synthesize them into a larger puzzle for the reader to assess and contest.

2 Synthesis on Diaspora Networks in International Business

What did the chapters provide that is new and particular? First, the authors provide a rich and multifaceted set of perspectives to the phenomenon of diaspora networks in international business. They turn the phenomenon around, examining its numerous layers, dynamics, forces and mechanisms; they employ different disciplinary lenses to address this challenging topic from institutional theory to linguistics and beyond. Second, they examine diasporas, processes, businesses, locations and settings that illustrate unique and novel features and provide new data that contributes to the body of knowledge. Third, all these contributions increase our understanding of the phenomenon and provide important pieces to the vast puzzle of diaspora, economy, trade and entrepreneurship, e.g. diaporias. Notwithstanding, the inherent novelty *per se* needs to be put into a larger framework (cf. Etemad 2017). We follow Rindova's idea that "What makes a contribution novel is not that no one in the field ever thought about a given idea but that the idea is articulated, organized, and connected in a way that suggests new directions for researchers who, hopefully, are already thinking about it" (2008: 300). So while the articles are crafted with rather unique contexts (Rindova 2008), the following section provides a roadmap, linking the different findings for some overall perception.

Diaspora networks constitute a dynamic glue that sticks different contextual settings together in international economy, trade and entrepreneurship. The role and impact of diaspora networks as actors and their impact from individual to nation state level has been discussed in several of the papers in the book. Fittingly, the first chapter focuses attention to the home or country of origin. Here Chrysostome and Nkongolo-Bakenda draw conclusions on the overall level regarding the country of origin, i.e. home country or homeland and its economic development process, focusing on this "sending" context as the target and also its nature as a developing country. Rightly so, given that sending countries have tended to also be those that are from the 'developing' grouping. They address the interplay of characteristics of both home and host country-settings that influence the formation of diaspora, in so doing, underlining the dyadic nature of dynamism. They conclude with an agenda of issues for future research including topics such as: trust building and collaboration, facilitation of non-economic remittances and reduction of remittance costs, diaspora's role in developing institutions, understanding the impact of diaspora dispersion and

entrepreneurship abroad and its connectedness with home country development and the learnings from successful diasporic brain circulation. This perspective of home compliments the remaining chapters, some of which go back and forth between the two main settings of home and away.

Emontspool and Servais provide a view from the opposite context, the host side, i.e. the receiving context. They address the interplay of learning and opportunity in a cross-border setting and highlight the importance of understanding the motives for the movement of transnational entrepreneurship. They propose both opportunity driven dynamics and influence from favourable institutional settings, together with integration in networks prior to entry as a means of facilitating such entry processes and new venture creation. They provide a timely hypothesis for discussion in the context of a developed European country where demographics show aging and even diminishing populations. Their findings suggest that lack of skilled migrants, even in this context is an impediment for economic development as new start-ups with new ideas, jobs and new knowledge are needed here too. Contrary to some assumptions building strongly on push effects, transnational diaspora entrepreneurship is unlikely to happen in a random place without the influence of such business environment pull effects. The example of the Berlin entrepreneurial ecosystem, which has thrived from the involvement of different diasporas in a strategically designed network of support for business start-ups stand out as a practical example here (see Minto-Coy and Elo 2017). Alleyne and Solan on the other hand, discuss and model the concept of migration, voluntary migration and diaspora benefits. They suggest that on the economic level the network effects may generate positive results for skilled migrants who close, or at least diminish the gap between developing–sending and advanced–receiving country. They propose a model and framework that calculates conditions for migration and migration dynamics, flows and direction of these flows, and find that suitable conditions and diaspora earnings may trigger return to the country of origin and employment of the adopted diaspora capabilities there.

The diasporic economy comprises a number of sectors, which together suggests the variety of ways in which diasporas contribute to a country (Minto-Coy 2011, 2016). Elsewhere, Orozco has argued that this economy comprises the five T's (i.e. trade, tourism, telecommunications, transfers and travel) (2004). Here, he joins with Yansura and draws attention to one aspect of this economy, the trade in nostalgic goods and services. The authors focus on the level of trade relations and diaspora markets showing how diaspora networks influence economy and business through nostalgia trade. Nostalgia trade is one key area of migrants' economic transnationalism. It is also an area of significant trade flows and business potential between home and host contexts. However, different diaspora networks and cohorts vary in their trade. The authors show how Salvadorans in the US have created a thriving marketplace with about 90% diasporans as customers creating substantial effects for trade and small business development. In a similar vein, they find that the Albanian diaspora in the US also wishes to buy Albanian products but has more difficulties finding them, and that those small businesses trading with products serve more diverse customer groups i.e. not only Albanian diasporans. In this cohort, weak export and distribution networks limit the demand. They point out how suitable policies may benefit both mutual

trade relations and business development and form a vital instrument influencing diaspora trade. Diaspora networks facilitate exports, global trade and investment in ways that grant more agency and power to developing contexts who may otherwise find it difficult to enter the virtuous circle of trade and growth.

The influences generated by diaspora on a particular economy, society and a country vary tremendously, suggesting a rich and multi-layered landscape of dynamics. Positive and negative influences on economy and society happen both within and across diasporas and countries. Diasporas support economic development and capacity building through brain gain and -circulation, but also constitute brain drain and the various challenges related to economic activities and legitimacy. Delahaye and Tejada expand the approach on the country dichotomy (home- host) towards experiences from multiple destinations and find that the migratory process is important in shaping the micro-foundations for diaspora business and trade in the case of the Tunisian diaspora. They examine migration trajectories focusing on the elements of pathways, experiences and the accumulation of networks and skills along the way. These elements increase professional capacities and thus assist in investing and opening new businesses in the country of origin (COO). They also influence the strength of motivation to contribute in the COO. Here, a significant trigger for starting the migration path is the need to provide a livelihood, i.e. economic push factors. This diaspora option—similarly as Alleyne and Solan's discussion on migration earning—depends on both contexts of sending and receiving countries which together determine the use of this option. Delahaye and Tejada underline the role of policies and institutions in reducing bottlenecks and improving the trust needed to foster diasporic investment and economic development in Tunisia.

In a similar vein, De Silva provides evidence on the positive impact of transnational entrepreneurs in constructing the economic development of a post-conflict country, Sri Lanka. She points out an important view that is often neglected in the deficit and necessity-driven view on migrant entrepreneurs, namely, that transnational entrepreneurs are driven by opportunities; they are attracted by the potential of a particular context. Transnational entrepreneurs have abilities to introduce new industries and develop the local labour force to enable economic growth. As such, De Silva finds that transnational entrepreneurs are capable of invigorating national contexts through business generation and transfer of skills and new technologies from the host country to the country of origin. However, this positive effect can be deterred by barriers related to immigration and property ownership if the policies are not inclusive for transnational entrepreneurs. She concludes that better education systems that addresses more than just technical skills are important in supporting transnational and international business. These findings alongside those of other contributors such as Delahaye and Tejada, as well as Alleyne and Solan, contribute to understanding how brain circulation and—gain may foster capacity building in the country of origin.

Costa e Silva and Kumpikaite-Valiuniene examine the Portuguese situation as a sending country, portraying a contemporary diaspora outflow. As with many other cases, this Portuguese brain drain is driven by the economic crisis, low salaries and unattractive working conditions. Interestingly, this new wave of diaspora no longer

targets the former colonies but mainly European and English speaking countries. The presentation links directly with the ongoing discussion on the real impact of remittances on the economies of developing sending countries (Meyer and Shera 2017; Clemens and McKenzie 2014; Minto-Coy 2011) with remittances accounting for as much as 20.6% and 16.5% of GDP in countries such as Haiti and Guyana from 2000 to 2013. Here, however, Costa e Silva and Kumpikaite-Valiuniene suggest that migration earnings do not benefit Portugal. They found that labour outflow takes place during the most productive phase of life, constituting a loss for Portugal. While the EU-Troika increased inequality and facilitated further brain drain, there was a lack of dynamism generating return and brain circulation. Further, they found that the pre-requisites for reversing the negative situation remain unfulfilled but that the larger impact on economy and society remains under-explored.

Kumpikaite-Valiuniene continues with the case of Lithuania, presenting a “bleeding” country having an alarming brain drain of all categories of human capital that is the highest in the EU. Also in the case of Lithuania, the dynamics of outflow and the pull of destinations are overwhelming. Lack of perspectives, unemployment, social exclusion and taxation push the outflow and contribute in making Lithuania a vulnerable state, particularly in terms of dramatic demographic influences, drop in population, aging citizenship base and growing lack of qualified human capital. The growing diaspora represents brain drain without high expectations on some diaspora dividend or return, thus here, the author suggests that a particular healing process is needed to stop the bleeding. Indeed, the scenario depicted here is akin to that of many others small states, including those in the Caribbean, which houses the top five countries with the highest rate of emigration (as a percent of the total) of its most educated, globally (World Bank 2016). Brexit effects present a certain window of opportunity for such turn-around policies as these findings illustrate, but clearly a more holistic understanding is needed.

An underlying theme, thus far, is that not all aspects of diaspora formation and networking are positive or beneficial at the social or business level. This theme is addressed directly by Juntunen who covers this negative dimension of diasporas. She found that the economic shadow side of diaspora and related crime have numerous features and implications, and therefore require more advanced systems that prevent, control and diminish crime. In particular, organized crime and diasporic challenges in coping with the adopted context are areas that need improved frameworks both by policymaking and institutions, but also by employers. Reduction of bottlenecks and discrimination and increasing opportunity structures on the legal side that foster economic adaptation and integration are central to a more sustainable governance of diasporic activity in a host country and across borders. Together, the chapters make it evident that well governed and managed diaspora resources can significantly benefit the country of origin and the host country as well as the economic relations between countries. However, if the policies and circumstances on the nation state level are not well designed, diaspora formations and the respective dynamics can generate problems and economic implications that are difficult to reverse and diminish.

Diaspora is inherently a social and cultural phenomenon beyond its relevance on business. The socio-cultural meanings of diaspora are negotiated on many levels and present complex and idiographic influences that are often not perceived or understood by the mainstream. One of the tendencies here is to view diasporas as 'other, as the minority or non-mainstream. Dana, Virtanen and Barner-Rasmussen, however, shake the concept of minority and the notions of being a victim debating the size and age of a population group as important considerations in discussing their power vis-à-vis the other population. They found that minority social capital can be particularly high and useful for entrepreneurship. This is so where the structural, relational and cognitive social capital of a minority group who is also embedded regionally and internationally may generate preconditions that are at least equal if not superior to those of the majority population. In this way, well-integrated, prosperous minority networks are, in fact, an important asset for regions and nations. This aggregated level effect, beyond the entrepreneur- minority level and stemming from their social capital is labelled as a "profit of hosting".

The value of entrepreneurship and the role of 'diaspora' status in entrepreneurial success and satisfaction comes out in the chapters by Zárata-Montero and Torres-Ortega and Liu and Schøtt. Zárata-Montero and Torres-Ortega found similar positive effects of diaspora social capital in overcoming liabilities in foreign market entry, as well as in increasing sales in such markets. The inclusion of diaspora social capital in an international new venture was shown to have assisted with the acquisition of knowledge, financial resources and human resources required in internationalization. This "highway for international social capital" represented a source of competitive advantage for an international new venture. Liu and Schøtt examine diaspora entrepreneurs' life satisfaction and found that their life-satisfaction is higher than that of native entrepreneurs and that networking and exporting foster life-satisfaction. In particular, first generation diaspora entrepreneurs increased their life-satisfaction by employing their social capital and networking for business and necessity entrepreneurs felt high satisfaction with their business success. Thus, while some diasporas may be forced into self-employment (cf. necessity, survivor or refugee entrepreneurship), the reality is that these entrepreneurs gain and create opportunities for self-actualization, which may not be afforded to them in the COO or other forms of employment in the COR.

Ojo addresses co-ethnic socializing as a kind of platform for developing entrepreneurship and generating opportunities. Social and cultural dimensions have a value per se, but the value creation through entrepreneurship based on such ethnic enclaves and ethnic divides may impact multiculturalism negatively. That is, by hindering the bridging processes across population groups. Ojo explicates between economic value and social value and found incompatibilities of groups and contexts, thus he asks for more detailed research incorporating both diaspora entrepreneurship and multiculturalism. Sahradyan and Elo's analysis extends this discussion, showing that it is not only shared culture that is important for diaspora resource organization, but also the linguistic resources within and across diasporas. The Armenian diaspora has no one common language, in fact, it suffers from linguistic superdiversity with this being both an asset and a constraint. For social, cultural and economic organization functional strategies for

multilingual communication are needed, allowing an inclusive and future oriented cooperation.

One question that has been raised relates to whether or not diaspora entrepreneurs are a specific category of entrepreneurs. The reality is that diaspora entrepreneurs have particular features that differ from other entrepreneurs. Their contextual settings are different from the mainstream, but also their way of managing business operations and entrepreneurship may differ. Freiling discusses extant management theory approaches and reflects diaspora entrepreneurship on this paradigmatic level. He found several aspects aligned with theoretical approaches, but questions a too single sided approach. In so doing, Freiling argues for a broader debate, which does not ignore the specific surroundings of diaspora businesses that can be highly constitutive. Brzozowski studied diaspora entrepreneurs in Poland and found that diaspora entrepreneurs are in a better economic situation than other diaporans, managing their economic advancement more successfully. Additionally, transnational diaspora entrepreneurship constitutes a form of improved economic integration in the home country, however, the development of transnational diaspora business is linked to the economic context and the respective development and regime. To this end, Brzozowski asks for sound diaspora policies to employ the economic potential of transnational diaspora and suggests that more research on the temporal dynamics of transnational diaspora entrepreneurship is needed.

Aaltonen and Akola present how a diaspora start-up entrepreneur manages to overcome liabilities of newness, foreignness and outsidership in non-ethnic markets by employing subtle strategies of trust building and social capital for developing business opportunities over time. They discover how the initial distrust was coped with the resources generated by the relational bridging social capital with the network of other entrepreneurs. They conclude that local language skills are central for the integration of diaspora ventures, not just the entrepreneurs as individuals. Here, language and the ability to grasp local language, in particular, becomes an actual network resource that can affect the success of diaspora entrepreneurs. Instead of the previous permanent location, Gurău, Katz Volovelsky and Dana explore sojourning entrepreneurship and found a connection between entrepreneurial mobility, opportunity exploration and multiple venturing that together form a particular type of entrepreneurship with less strong bond to a particular host context than many forms of diaspora or immigrant entrepreneurship. They point out how this profile and entrepreneurial type is partially relevant for developing and emerging markets with rapid growth and suggest that this is related to particular entrepreneurial traits and talent. Harima brings a similarly unusual diaspora behaviour into focus by presenting Japanese diaspora entrepreneurs motivated by non-financial reasons and foreign challenges and who combine technology and their privileged ethnic resources for their entrepreneurial activity. She found that the “grand challenge” not present in the home country was central in this kind of entrepreneurship providing the underlying driving force. In total, there are differences in entrepreneurial motivations and objectives, entrepreneurial contexts and country settings, but also in the lifestyle of diaspora entrepreneurs that shifts from a simple relocation to a highly mobile cosmopolitan life.

Diaspora capitals are not just human resources in the form of labor. Instead, they represent several types of human, social, cultural, linguistic, religious, knowledge, financial and economic capitals. These capitals can be employed by using various ways of organizing that turn resources into outputs. The assumption of nation state being the governing unit is too simple when it comes to diaspora capitals and their movement and employment. Degbey and Ellis found diaspora networks to influence cross-border M&As in Africa, and that the diasporic ties of the involved actors impact the outcome. They suggest that there are particular aspects that moderate this effect, such as the time spent abroad and the relational networks linking all the way to the shared colonial heritage. However, they point out- just as in the case of Portuguese brain drain- the significance of context and time in understanding such effect since tendencies and networks per se evolve over time. Bolzani's study also found that the internationalization of a business is influenced by the "diasporanness" of the entrepreneurs. Importantly, she found foreign-born entrepreneurs to have higher drivers for internationalization regardless of non-supportive environment, a point which once more affirms the diaspora entrepreneur as a valid consideration in entrepreneurship and international business research. These findings suggest that the human capital of diaspora entrepreneurs is more international and resilient, overcoming various business barriers through the organization of their specific resources.

ICTs emerge as a central theme in discussions on transnationalism and the diaspora experience, both of which have become more poignant through globalization. ICTs and new media offer the means for organizing across the diaspora, connecting with home, as well as, the basis of their entrepreneurial activities (Minto-Coy 2011). Andreotti and Solano take up this theme with their article exploring the role of new technologies, particularly ICT, in migrant businesses and found that ICT is central for transnational businesses. In particular, ICTs are shown as assisting in business development, while reducing time and costs in conducting business. Going beyond the existing research findings, however, they also argue that physical and not just virtual mobility, is important for successful business organization in terms of their ability to manage business relationships.

Aligned to this theme of ICTs and new media, is that of diaspora knowledge networks. Indeed, this focus has emerged as an indication of the ways in which technology can help transform brain drain into brain gain (Meyer 2001; Meyer and Wattiaux 2006). Discua Cruz present how Diaspora Knowledge Networks enable relationship development as well as membership and coordination that foster holistic knowledge transfer for entrepreneurship and international business development. He underlines the meaning of these network structures combined with the respective diaspora expertise and perspectives as central for effectiveness. Discua Cruz finds that diaspora knowledge networks are in fact, more complex than previously expected. This case provides a crucial multi-actor and cross-organizational form of diaspora organization that creates an important nexus for resource employment. Séraphin tackles another type of multi-actor organization around technology, but here the focus is on destination marketing and its gamification in diaspora and diaspora tourism. He finds pro-active, future-oriented organization for diaspora marketing crucial for developing diaspora tourism for a destination like Haiti by

turning negative perceptions into positive and creating novel awareness among the diaspora.

Governance of diasporas, their resources and the related policy making is a complex activity as these address multi-national contexts. The last part of the book draws on these themes emphasizing organization of resources, the institutions in which the resources are employed, remittance dynamics, industry-diaspora settings and diaspora organizations. Indeed, the theme of engaging diasporas is a growing one in developing countries, thanks largely to many of the type of experiences covered in the many chapters in this book, as well as the encouragement of international development agencies, governments and in some cases, activism among the diaspora itself (Minto-Coy 2016; Agunias and Newland 2012). Nicolas and Rodriguez examine the developmental potential of diaspora abroad in the case of the Philippines. Their analysis calls back the focus on the diaspora option, raised in Alleyne and Solan's contribution. They found that the spread and resources of the Philippine diaspora have strategic value for the country of origin and suggest that specific policies and programs are needed to enable and strategically foster diaspora engagement. Policies and institutions together shape the framework in which economic and entrepreneurial activity takes place.

Rana and Nipa develop an analytical framework and explain how the institutional distance of home-host contexts influences and forms venture creation and entrepreneurial formations. They found that not only regime related issues, such as migration policy, but also other more indirect socially constructed institutions impact business opportunities. Dual institutional contexts influence entrepreneurial motivation and involve global mind-set, cultural intelligence and social capital in combination with policies and regulation. Koleša broadens the debate on migrants' economic impact on home country addressing hindering factors on the systemic level in the Western Balkan context. She examines the diaspora impact on eight countries and suggests the nation state and diaspora level policies as factors of importance for efficient and effective diaspora engagement. She found that the economic potential is extremely limited and she explicates several reasons for this. Shortly, foreign direct investment, remittances and migrant entrepreneurship are not only motivation-driven or simply giving back altruistically. Rather, these are also dependent on the business environment and framework that is diaspora specific and should be holistically designed.

As these contributions have illustrated, there are various actor types and stakeholders. Bloe and Opoku-Owusu examine a particular diaspora stakeholder, namely, diaspora investment platforms and networks. They point out that the actors and topology of diaspora capital are central for understanding how diasporic investment financing take places and evolves. The idea of a link between an individual and the country of origin is too narrow, as they found several forms of such intermediating diaspora platforms and networks connecting UK and Sub-Saharan Africa. Therefore, there are several layers of agency within diaspora governance. It is more than home or host country regulation and policies, it includes various diaspora entrepreneurs and investors, diaspora organizations and platforms, as well as industry, municipalities and regions, local economy stakeholders, civil society and other stakeholders. The explored challenges on diaspora economic and entrepreneurial governance and

policy making illustrate numerous aspects that are reasons for failure equally as potential for success. It becomes apparent that a deeper level of analysis as well as more contextualized approach is needed to enable a richer and more holistic understanding of the success-failure mechanisms of diaspora engagement and its governance. Stavridou examines a refugee Tibetan community in Switzerland stretching the view with a multidisciplinary perspective. She found industry-related drivers for social embeddedness and integration of refugees. She presents a more stakeholder oriented view and links sustainable industrial context to historic, socio-cultural and political dimensions that together also take into account human rights and business ethics in shaping the progress of a particular refugee community.

3 What Is Still Missing?

Chrysostome and Nkongolo-Bakenda offer a rich starting point for the future research agenda. They wrap up key issues and bring the developing-developed country contextual difference in the forefront. Further, there are theory, business, management and policymaking related research agendas to consider. We highlight some future areas of research emerging from these chapters and underline the meaning of *framings* in addressing them (cf. Tversky and Kahneman 1981), but this is not exclusive.

Importantly, many contributions have historic settings in terms of *time and timing* (cf. Hedaa and Törnroos 2002). Diaspora impact is not yet well understood in its temporal setting. For example, a significant part of the research comes from an angle of victimization and forced labour. In the modern context, people across the global North and South employ their own agency and migrate according to the given windows of opportunity. In the chapters, da Silva shows how important the timing of transnational diaspora entrepreneurship may be for the business development in the country of origin, and Stavridou presents a timely match of a refugee inflow and industry need on human capital. Assumedly, the Balkan diaspora engagement has partly missed its optimal time window in post-conflict economic development as the expected positive results are yet to be seen as Koleša notes, in parallel, the respective remittances from abroad may become subjects for the tooth of the time as following generations may be less committed to the COO of their parents' (Lucas 2007). In terms of entrepreneurial and migratory processes, as well as diaspora generations, the time within the individual life and family is of central importance due to our biological life cycle and assimilation and integration processes, without forgetting the mix-marriages with locals further mainstreaming the migrantness (Heikkilä and Rauhut 2015). Business venturing, investments and migration have particular "high seasons" in the adult life (Elo 2016a, b). Time windows for returning are equally particular. Thus, we suggest that future research, nation states and policy making- in particular- takes the dimensions of time and timing into careful consideration when crafting policies on out- and inflows of migrations and diasporans.

Conceptual work that discusses the terms in the contemporary constellation and updates the foundations, even contesting their validity in the changing environment is needed. Dana, Virtanen and Barner-Rasmussen illustrate how some common lenses may be misleading and even false if not well contextualized. The *contextualization* of the place of activity, whether physical or other, and its relation to the results is a promising approach. For example, African investment is contemplated in the UK or technology becomes the channel connecting global South and global North contexts. Place has inherent dynamics as Kumpikaitė-Valiūnienė shows, and these migratory dynamics influence the country as a whole. While some are bleeding, others may be benefitting at the same time and these imbalances require careful attention.

Also the concept of *benefit for business* is an underdeveloped aspect in current research. The benefits, profits and higher or different capabilities, such as the immigrant effect, are mainly addressed in the context of entrepreneurial activity or on a more macro-level (Chung et al. 2012; Enderwick et al. 2011; Ilhan-Nas et al. 2011). This discussion has remained rather theoretical, however, many authors here provide practical evidence how these effects work in real life context. Going beyond a firm focus, the meso-level research exploring organizational, industry sector-context could provide interesting and practical future research. Human resources research has started to examine these dimensions within the global mobility research and the war for talent (Mahroum 2000; Pruthi et al. 2009). Still, one of the first studies on measured benefits is “The Return on Investment on Migration: What is in it for Business?” (The Hague Process on Refugees and Migration 2015) analyzing corporate results and perceptions. The resulting diversity was seen to create a strong workforce, but migration also provided needed skills, enhanced global competitiveness and shaped new opportunities for corporations’ community relations. However, the study reveals the need to assess these effects and benefits, the same applies on the meso-level research, little is known on the multi-actor settings (cf. Ghauri et al. 2003). In particular, Stavridou and Degbey and Ellis link the industrial, corporate word with diaspora providing clear benefits. Others, like Discua Cruz, Cerrato Sabillon, Séraphin and Orozco and Yansura illustrate systems relating to certain industries and trade that are strongly diaspora dependent or driven. This should be an emerging stream of interest in the era of increasing mobility and transnational-global business.

There is much work needed to address the theory-practice gap in managing and understanding diaspora networks and resources in international business, especially regarding the inherent agency in contrast to the top-down- and etic framings. There is yet little research on the organizational structures, on the interplay of international organizations, state institutions and diasporas and individual businesses. Multinational corporations have gained vast research attention, but multinationally active diasporas have not. There is need for more aggregated studies that move past the individual to build more general patterns of trade, businesses and entrepreneurship formations, and that in a contextual manner. Furthermore, while entrepreneurship has emerged as a theme in diaspora, more work is needed in defining the specific features of diaspora entrepreneurship vis-à-vis other forms of entrepreneurship, as well as the specific

ecosystems, institutional support and business ethics needed to support this form of entrepreneurship. Indeed, such a focus goes beyond the academic given the enduring nature of migration and diasporas. Research on international strategy, organization, business models, resource base, innovation and marketing may provide insights into the specific ways in which diasporas help overcome traditional problems of international business, including liabilities of foreignness and lack of initial competitive advantages.

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