

# Chapter 80

## Diaspora Entrepreneurship: New Directions in Enterprise Development

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### ABSTRACT

*This chapter examines the phenomenon of diaspora entrepreneurs and the degree to which they have internationalised their businesses. This is achieved through a tri-component conceptual framework of individual, firm, and environmental factors. Through a case study methodology, it was revealed that analysis on the micro, meso, and mega levels is better suited for in-depth understanding of the phenomenon of diaspora entrepreneurship. It was also found that diaspora entrepreneurs are able to leverage personal, ethnic, and structural resources that allow them to concurrently engage in social and business activities in both countries (transnational entrepreneurship). Research, policy implications, and limitations are then discussed.*

### INTRODUCTION

The concept that cross-border business activities are facilitated by geographic dispersion of networks dates back to Max Weber (2002) in *Protestant Ethics and the Spirit of Capitalism*. But there was a long hiatus in cross-border studies till of late. As to be expected of a burgeoning research field, several gaps exist in the literature (Portes, 2003); hence this study directs attention to the lack of engagement with diaspora entrepreneurship in the existing ethnic entrepreneurship and transnational entrepreneurship studies. A large number of immigrant entrepreneurs have become transnational (Chen & Tan, 2008; Portes et al., 2002).

Thus, the naissance of diaspora entrepreneurs' ventures requires assessment, and the underlying mechanisms determining their life paths require clarification, while accurate policy measures to enhance diaspora entrepreneurs' businesses are much appreciated.

The basis in theory for defining entrepreneurship as the formation of a new venture is provided by the socio-economic phenomenon, which is the consequence of three distinct and interconnected components; the entrepreneurial individual, and the entrepreneurial organisation, existing within the context of the environment. Variations in these three components and their relationship to each other will influence the success of a venture. Many

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researches in entrepreneurship adopt different platforms for investigation. For instance while Gartner (1989: 47) laconic statement that “who is an entrepreneur is the wrong question” criticises entrepreneurial researches that focus mainly on the entrepreneur’s individual behaviour, Low & McMillan (1988) submit that, to understand entrepreneurship, one ought to comprehend process, context, and outcomes. However, it is helpful to examine the interplay between the micro/meso/mega variables in the context of the subject, the firm and structures of the environment (e.g. political economy, juridical legal apparatus, and state bureaucracy). In essence, this study links the behavioural analysis with process, context and outcome research in evaluating diaspora entrepreneurship. Aldrich & Martinez (2001: 520) argue on “(how) strategies are constructed, moulded and adapted in processes of interaction with environments.” Simply put, diaspora entrepreneurship is shaped by a coalition of social forces at multiple levels. It’s formed at the macro level by the opportunity structure and at the micro level by individuals’ access to resources (Shane & Venkataraman, 2000). Subsequently, the question is posed: To what extent are the relationships between the three elements of; the individual, the firm, and the environment, affect the emergence of ethnic diaspora entrepreneurship and how do they shape their development? An effective means of tackling the poser is the construction of a functional analytical framework useful in conducting research into aspects of the self-employed immigrants with focus on their social, and to a degree, business environments. This will help in gaining a deeper understanding of the relationship between motivations and strategies, and of the structural limitations and experiences.

The chapter is organised as follows: firstly, the diaspora and transnational concepts are examined along with diaspora/transnational entrepreneurship. The next section describes the methodology and methodology approach. The empirical findings inculcated in the conceptual framework

are then presented, and the last sections dealt with the summary, implications and limitations, recommendations, and conclusions.

## **DIASPORA AND TRANSNATIONAL CONCEPTS**

The term “diaspora” does not have a specific accepted definition, neither is there a legal recognition of the term and as a result many diverse meanings and interpretations exist (International Organization for Migration, IOM, 2009). Originally the word referred exclusively to the Jewish diaspora but recently has been used to include other historical mass scattering of people of common extraction (Ember et al., 2004). The Jewish and the African-American experiences of oppression, forced exile and the despair of no return formed the historical background. But the Jewish and the African-American diaspora experiences of remorse, anger and bitterness do not sit well with the diasporic voluntary motion or displacement of peoples in the general discourse of transnationalism. Vertovec and Cohen (1999: 484) identified some forms of diaspora: diasporas by design, and diasporas by accident, diasporas of loyalty, and diasporas of exit. These perceptions assist in delineating involuntary migrants from voluntary migrants; the latter denoting migrants whose separation from their homelands was an articulation of individual agency. Different countries have different definition of diaspora reflecting the policy interest in the diaspora population. Terms such as: *nationals abroad*, *permanent immigrants*, *expatriates*, *transnational citizens* etc are applied broadly to embrace multiple realities that vary across nations. Some of the classifications include: people who are settled permanently in a host country, labour migrants residing abroad for a length of time, dual citizens, ethnic diasporas, or second-generation groups (Ionescu, 2007).

Diaspora communities have generally been described to be scattered from an original cen-

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