

### Introduction

**Diaspora international entrepreneur (DIE)**, also called “transnational entrepreneurs” are immigrants or descendants of immigrants who reside permanently in the host country while maintaining a psychic link with the country of origin and who are carrying out international business activities between the two countries on a regular basis.

Scholars and practitioners have often affirmed that DIE are potential business investors and trade bridges between home and host countries. This suggests that their activities could be an alternative form of immigrant economic adaptation in the host countries and a means to stimulate the development of the home countries.

However, studies have found that although DIE have the advantage to identify and exploit opportunities that are unfeasible within single institutional settings, only around 5% of immigrants were DIE and that, to be successful, they must find the right combination of focus and resource deployment between the home and the host countries where social, economical, and technological environments can be totally different.

What are the characteristics of Canadian DIE? What are their organizing and strategic actions? What do they perceive as impeding and facilitating factors to succeed in their home and host environments?

### Methodology

To a survey carried out from April 2015 to April 2016, 67 Canadian DIE had accepted to answer to our questionnaire made available online on Qualtrics website or sent by e-mail. **Fifty-nine** of the responses received were considered as complete and analyzed using **SPSS Software** for frequencies and Partial Least Squares Structural Equation Modeling (PLS-SEM) for further analyses (**SmartPLS Software**).

### Description of the sample

**Age of entrepreneurs:** more than 80% are less than 45 years old.  
**Age of firms:** 70% were nine years or less old and 49% started international activities in the two first years of business existence (born-global).  
**Highest level of studies:** almost 80% have at least a bachelor degree. 17% had a PhD degree.  
**Countries of origin:** 53% from South Asia, 25% from Africa, 7% from Eastern Europe and Central Asia, and 3% from Western Europe.  
**Foreign experience** before coming to Canada: 71% had travelled in foreign countries, but only less than 30% had lived, worked or conducted a business outside their native countries.  
**Importance of international activities:** 71% have more than 25% of sales from abroad, 69% consider that their performance to fulfill their initial objectives was somewhat better, better or much better, and 12% do not feel the necessity to undertake any change in the way their activities are currently organized.

**Proficiency in one of the Canadian official languages** when they started business: 85% with at least good level of speaking and 88% with at least good level of writing in either language. Overall, 31% and 27% had an excellent level of speaking fluency in English and French respectively. 24% and 27% had an excellent level of writing in English and French respectively.

### Suggestions to increase success of DIE:

1. Identification of entrepreneurial orientation and motivations to do business in home country is key
2. Financial support and advice on organizational and strategic challenges to be faced in home and host countries will be of great help
3. Integration of possible DIE candidates in the host country should focus on their acceptability by the host community (e.g. meetings and events in the community)
4. The welcoming attitude, not necessarily institutionalized, and business climate of the home country toward diasporas is an important factor to success
5. Judicious choice of information sources and partners, adoption of adapted competitive strategies, development of a product/service not requiring much adjustments, level of absorptive capacity in the home country, and some ability to identify opportunities lead to success.

### Attributes of Canadian diaspora international entrepreneurs studied

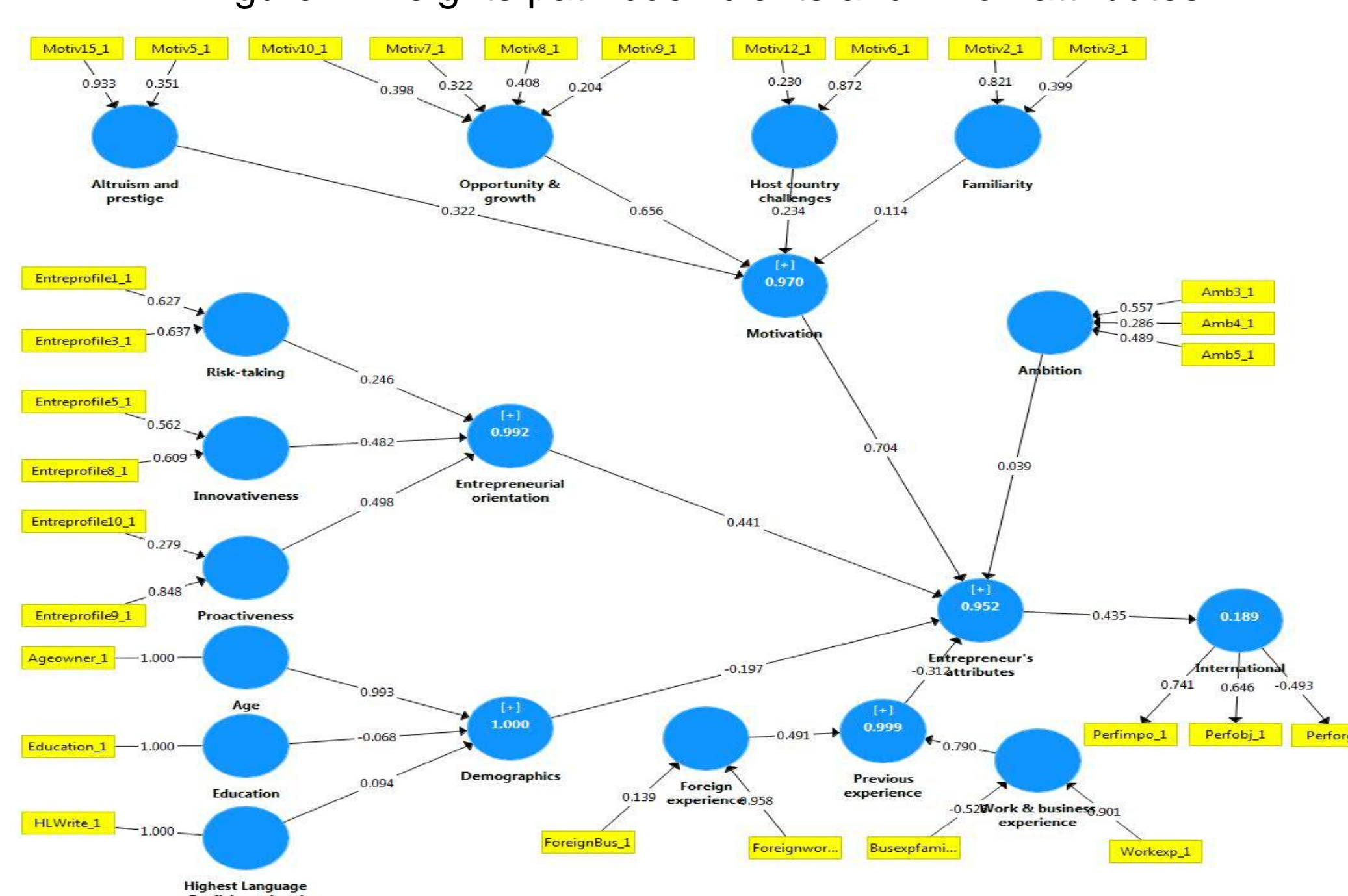
#### I. Descriptive characteristics:

- A. Ambitions when started international activities:** 3 most frequently chosen
- i) Canada and our country of origin are the best marketplace for our firm (Amb4): 71%
  - ii) It was important and profitable for our company to internationalize rapidly by conducting business between Canada and our country of origin (Amb2): 70%
  - iii) We use a lot of time in planning international operations for achieving goals of business activities between Canada and our country of origin (Amb5): 70%
- B. Motivation to doing business between host and country of origin:** 3 most frequently chosen
- i) I had much in common with people in my country of origin (Motiv2): 92%
  - ii) I wanted to challenge myself (Motiv10): 86%
  - iii) I understood how to do business in my country of origin better than the average business foreigners in that country (Motiv4): 85%
- C. Entrepreneurial orientation of the DIE:** 3 most frequently chosen
- i) Consistently trying to position myself to meet emerging demands (Entreprofile12): 85%
  - ii) Continually seeking out new opportunities because market conditions are changing (Entreprofile11): 80%
  - iii) Trying to shape my business environment to enhance my presence in the market (Entreprofile10): 71%
- D. Demographic characteristics:** see age, education, language proficiency
- E. Previous experience:** see foreign experience and work/business experience

#### II. Identification of determinants of entrepreneurs' attributes by PLS

- A. Predictive strength of the model:** 96% of variations in the entrepreneur's attributes and 19% of variation in the international performance are explained
- B. Significant determinants:**
1. **Motivation** (significant & positive path coefficient (5%), positive significant total effects (5%) and significant  $f^2$  (1%):
    - i) Altruism & prestige (5%)
    - ii) Search of opportunities and growth (1%)
    - iii) Familiarity with the market & business environment (5%)
    - iv) Challenges faced in the host country (5%)
  2. **Entrepreneurial orientation** (high & positive path coefficient, positive high total effect, significant  $f^2$  (1%):
    - i) Innovativeness (1%)
    - ii) Proactiveness (1%)
    - iii) Risk-taking (5%)
  3. **Other important determinants with surprising effects:** Previous experience (high and negative path coefficient, high and negative total effects, moderate and non significant  $f^2$ ) Demographic Characteristics (moderate and negative path coefficient, moderate and negative total effects, and non significant  $f^2$ ).

Figure 1: weights path coefficients and R<sup>2</sup> on attributes



### Organizing and Strategic Capabilities (OSC)

#### I. Descriptive findings:

- A. Sources used to identify opportunities:** 3 most frequently chosen
- i) Close friends (Oppsource2): 75%
  - ii) Informal industry networks (Oppsource3): 71%
  - iii) Systematic market research (Oppsource9): 64%
- B. Ability to identify opportunities:** 3 most frequently chosen
- i) While going about routine day-to-day activities, I see potential new business ideas all around me (1): 71%
  - ii) I often do financial calculations in my head when I see potential new business ideas (Oppability2): 67%
- The recognition of this opportunity was the result of a process that emerged over time (Oppability9): 67%
- C. Product/service Development:** 3 most frequently chosen
- i) We try to understand customers' needs through close contacts (5): 85%
  - ii) We help customers clarify their needs through close contacts (6): 82%
  - iii) The level of adaptation of our current product to customer needs was very high (8): 80%
- D. Stickiness:** 3 most frequently chosen
- i) Much of what my customer should have done during the transfer was eventually completed by myself (Difficult9): 49%
  - ii) The transfer of the product/service between my host and home country has disrupted my normal operations (Difficult2) Reverse (data adjusted): 37%
  - iii) Outside experts (from my other units, or external consultants) could answer questions and solve problems about their specialty but did not have an overall perspective on the product/service (Difficult17): 37.3%
- E. Needed modification to the product/service:** 3 most frequently chosen
- i) Exactly the same (Promodif1): 39%
  - ii) Markedly modified (Promodif4): 31%
  - iii) Slightly modified (Promodif3): 30%
- F. Low cost strategies**
- i) At the lowest possible level which is below the average market price in the country (Costs1): 34%
  - ii) At a level lower than that of the domestic market (Costs2): 32%
- G. Differentiation strategies:** 3 most frequently chosen
- i) The products' quality (Differentiat1): 88%
  - ii) The products' design (Differentiat2): 71%
  - iii) The products' pre- and after-sales services (Differentiat4): 67%
- H. Targeted market scope:**
- i) Specific category of customers or just one or two segments of the markets (MRKscope1): 53%
  - ii) Different categories of customers or many (more than two) segments of the market (MRKscope2): 32%

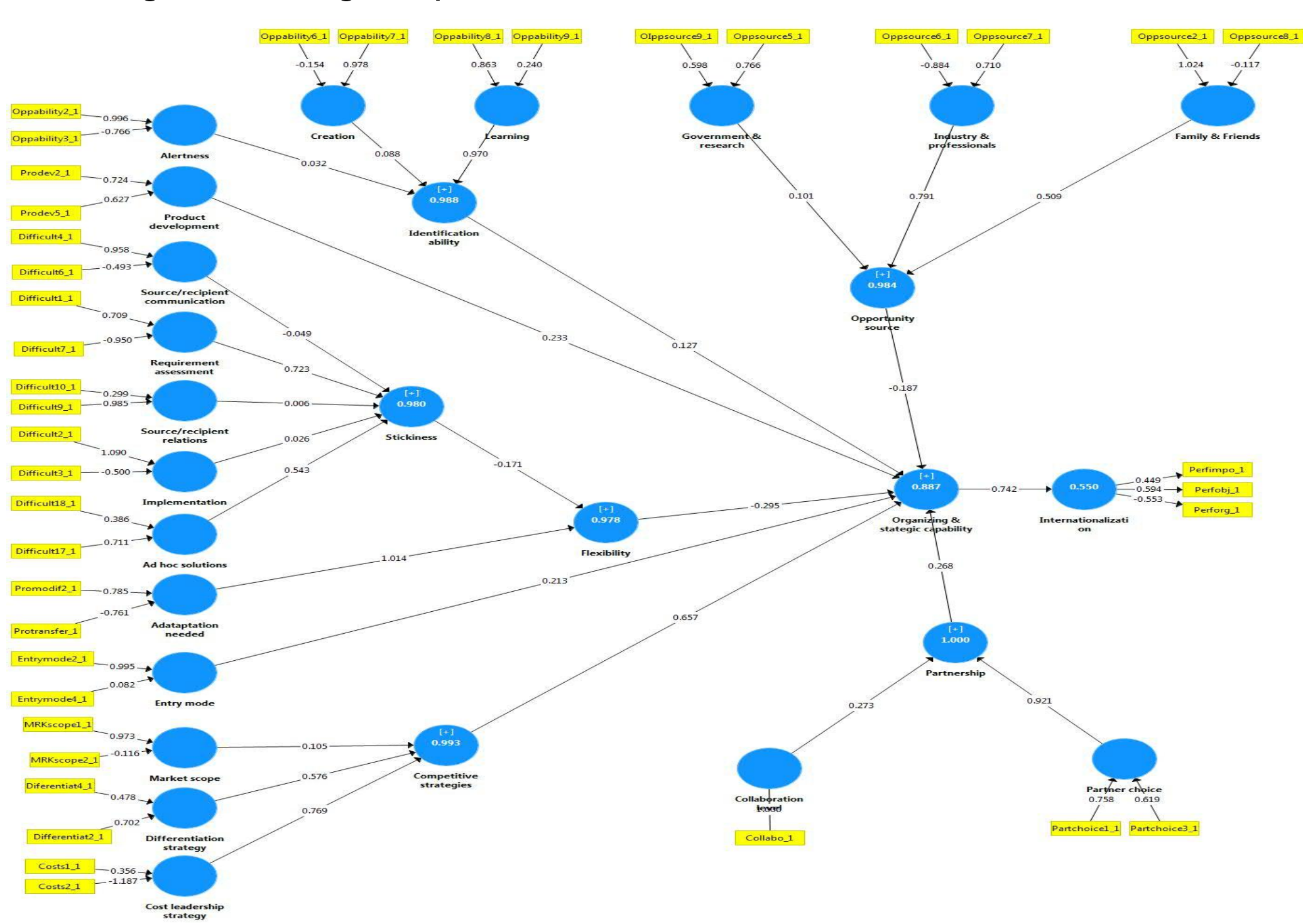
#### I. Modes of entry:

- i) I exported goods through offices or organizations in the host country (Entrymode1): 37%
  - ii) I exported goods through agents in my country of origin (Entrymode2): 34%
  - iii) I exported goods through intermediaries (wholesalers or retailers) in my country of origin (Entrymode3): 32%
- J. Referent basis to choose partners:** 3 most frequently chosen
- i) Expert in the industry (Partchoice4): 49%
  - ii) Close friends (Partchoice2): 34%
  - iii) Former job colleagues (Partchoice3): 32%

#### II. Identification of determinants of OSC by PLS

- A. Predictive strength of the model:** 89% of variations in the organizing and strategic capability and 55% of variation in the international performance are explained.
- B. Significant determinants:**
1. **Competitive strategies** (significant path coefficient at 5%, significant total effects at 5%, significant  $f^2$  at 1%)
  2. **Partnership**, especially the choice of partners (moderate, but not significant path coefficient, significant total effect of partner choice at 10%, and  $f^2$  significant at 5%.
  - iii) **Product/service development** (moderate, but not significant path coefficient and  $f^2$  at 10%)
  3. **Other determinants deserving attention:** Ability to identify opportunities (moderate path coefficient) Modes of entry (moderate path coefficient) Adaptation needed (negative and significant  $f^2$ )

Figure 2: weights, path coefficients and R<sup>2</sup> on OSC



### Home and host environments of the diaspora international entrepreneur

#### I. Descriptive findings

- A. Factors impeding the start-up and development of businesses in the home country:** 4 most frequently mentioned
- i) Taxes too high, ambiguous or numerous (Impedfact1): 63%
  - ii) Business legislation (Impedfact2): 63%
  - iii) National and local government corruption (Impedfact3): 61%
  - iv) Time spent to negotiate with government officials (Impedfact4): 61%
- B. Factors facilitating start-up and development of businesses in the home country:** 3 most frequently mentioned
- i) In my host country, installation of a service by my country of origin (ex consular services) to address the needs of the diasporas members from that country (Facilfactgo3): 42%
  - ii) In the country of origin, existence of a ministry in the government to address the needs of the diasporas in foreign countries (Facilfactgo1): 41%
  - iii) Friendly and welcome attitude by officials in my country of origin towards diasporas (Facilfactgo5): 41%
- C. Factors facilitating start-up and development of businesses in the host country**
- i) Tolerance of the community that has facilitated my integration (Facilfacthg4): 56%
  - ii) Recognition and validation of my credentials from my country of origin by my host country (Facilfacthg1): 48%
  - iii) Government programs and services supporting immigrant organizations (Facilfacthg6): 41%

#### II. Identification of environmental determinants impeding and facilitating factors by PLS

- A. Predictive strength of the model:** 98% of variations in the business environment and 32% of variation in the international performance are explained.
- B. Significant determinants :**
1. **Home country impeding factors** (Positive path coefficient significant at 10%, positive total effect significant at 10%, significant  $f^2$  at 1%)
    - i) Human and financial resources (Positive path coefficient significant at 5%, significant  $f^2$  at 1%)
    2. **Home country facilitating** (Moderate and positive path coefficient but not significant)
      - i) Home country attitude (Positive path coefficient significant at 5%)
      3. **Host country facilitating** (Moderate and positive path coefficient but not significant)
        - i) Host country attitude (Path coefficient positive and significant at 5%)

Figure 3: weights, path coefficients and R<sup>2</sup> on environments

